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OECD Competition Assessment Reviews: Greece

COMPETITION ASSESSMENT OF LAWS
AND REGULATIONS IN GREECE

PRELIMINARY VERSION

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Foreword

Greece is going through the deepest recession in the euro area. Since the onset of the crisis it has had a sharp contraction in GDP and an increase in joblessness, especially among youth. Steps have been taken to strengthen public finances and to implement the structural reforms that are needed to restore growth and competitiveness over the longer term.

Enhancing competition is essential to this end. Despite recent reforms, Greek product markets remain among the most strictly regulated in the OECD area, hindering competition and preventing the price adjustments needed to support the recovery. This lack of competition is holding back the growth of productivity by limiting the entry and expansion of more productive and efficient firms, inhibiting foreign investment and holding back innovation.

The project on *Competition Assessment of Laws and Regulations in Greece* was signed between the Greek government and the OECD in November 2012 to address these problems by targeting regulatory barriers to competition in four key sectors of the Greek economy: food processing, retail trade, building materials and tourism. These four sectors together account for 21% of GDP and almost 27% of employment, and are important drivers of future growth.

Through the scrutiny of legislation in key sectors of the Greek economy, the OECD Competition Assessment Project identified 555 problematic regulations and 329 provisions where changes could be made to foster competition. Although it was not possible to quantify all the benefits arising from enhanced competition, OECD calculations estimate the total effect from rising expenditure, increased turnover and lower prices for the Greek consumer at around EUR 5.2 billion annually, or about 2.5% of GDP. The benefits of reform in this area are sizeable!

By proposing concrete policy options for removing regulatory restrictions to competition, the Project contributes to the Greek government's structural reform agenda. Full implementation of the Project's recommendations can do much to enhance the competitiveness of the Greek economy, stimulate productivity and promote economic growth and job creation in the years to come.

I congratulate the Greek authorities on the efforts they have undertaken since 2010 to reinforce competition law and the work of the Hellenic Competition Commission, to simplify business administration and to liberalise professional services should also be acknowledged. These are courageous, necessary steps towards building a better future for all Greeks.



Angel Gurria
Secretary-General, OECD

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The opinions expressed in the report do not necessarily reflect the views of the above mentioned organisations or individuals.

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PREFACE

BY
**HE KOSTIS HATZIDAKIS,
MINISTER FOR DEVELOPMENT AND COMPETITIVENESS**

The Greek crisis was largely caused by both the adverse international economic environment, following the collapse of Lehman Brothers in 2008, and by the chronic weaknesses of the Greek economy, high debt and dwindling competitiveness.

During the crisis both citizens and businesses have endured enormous sacrifices, but it is thanks to these sacrifices and the efforts of the Greek government that we can now say that significant progress has been made, as the economy is stable and set to grow again. We know we still have a long way to go, but we are on the right track and moving forward fast.

It is true that our economy has been plagued by bureaucracy, protectionism and market distortions for a long time. Our efforts have focused on generating growth by implementing and enhancing structural reforms, and not just by fiscal consolidation. Two necessary conditions for these structural reforms are to improve our competitiveness and to build a new, investment friendly, business environment. One of the foremost priorities set by the government is to remove barriers to entrepreneurship and competition and to strengthen the hand of healthy market forces, so that both consumers and businesses may reap the benefits. Our aim is to make Greece more competitive, extroverted and friendlier to investment and entrepreneurship. This, of course, includes improving the smooth functioning of the market by ensuring and enhancing competition.

The Greek Government has worked closely with the OECD in order to identify market distortions and propose recommendations in four key areas of the Greek economy: food processing, retail, construction materials and tourism. We expect that the reforms adopted by these recommendations will benefit our economy in two ways:

First and foremost, all citizens will have access to cheaper and better goods and services. Second, sound companies that respect consumers will be reinforced. By removing entry barriers young people, now tormented by unemployment, will have more opportunities to work and create new wealth.

In this way, the necessary foundations for constructing a new national economy and sound production base are laid.

Using the OECD Toolkit, regulatory distortions to competition were identified, mapped and evaluated. Among them were:

- restrictions in opening new businesses,
- barriers to entry and exit from an industry,
- regulation of business behaviour, and
- set maximum and minimum prices.

Our intention is to act quickly and achieve tangible results very soon. We persistently support, adopt and drive structural reforms that have the potential to compel change and initiate high-impact investment projects so as to accelerate economic growth.

Our aim is to become internationally competitive as a society, because our desire is to encourage investment and jobs and thus create prosperity for all Greek citizens.

Our plan includes:

- reinforcing production,
- improving the conditions for growth,
- addressing the behaviour that affects competition,
- encouraging investment,
- stimulating exports,
- enhancing price-based competition, and
- increasing choices for consumers.

During this entire project, continuous training was provided to the competent personnel of the civil service. We have therefore gained essential know-how on the techniques and methods for measuring constraints to competition.

I would like to express my appreciation for the OECD's contribution and warmly thank everyone who participated in and supported this effort.

A handwritten signature in blue ink that reads "Kostas Hatzidakis". The signature is fluid and cursive, with "Kostas" on top and "Hatzidakis" below it, both starting with a capital letter.

HE Kostis Hatzidakis,
Minister for Development and Competitiveness, Hellenic Republic

PREFACE

BY
HORST REICHENBACH,
HEAD OF EU TASK FORCE FOR GREECE

For five years, Greek society has been undergoing a painful transition process, driven by the need to restore public finances and tackle other macroeconomic imbalances. Lasting stability and a return to prosperity also require deep structural reforms in the economy. Only in this way can we deliver sustained growth and better living conditions for the people of Greece. And exactly here lies the importance and value of this report.

Much seemingly innocent legislation hinders the transition to a healthier economy. This report identifies a large number of regulatory obstacles limiting competition in key sectors of the Greek economy: food processing, retail trade, building materials and tourism. Most of the barriers identified ostensibly serve some public good. However, poorly designed regulation restricts competition and consumer choice and thus has adverse consequences. It is not a question of blindly striking down regulations; it is about correcting disproportionate interventions in the economy which benefit a few at the cost of many. These problems are not unique to Greece – far from it. But this report identifies many such instances in Greece. Greek businesses, consumers and citizens and society pay a very heavy price for this situation – according to this report a total of EUR 5.2 billion in lost efficiency and higher prices for goods and services.

Removing these obstacles will have significant effects. For one, it will help bring benefits to consumers by lowering prices. Removing these barriers will also help to improve labour productivity and create more jobs in Greece. Moreover, this transition will equip Greek companies to compete more effectively on the European and global markets. The report provides the Greek authorities with extensive and detailed recommendations on how to deliver these benefits.

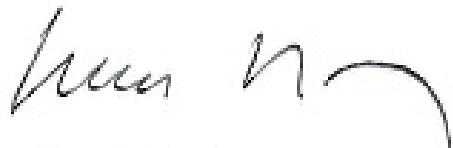
Attention must now focus on the second part of the job – adoption and implementation of these recommendations. This will require courage and determination to make tough decisions. Changing legislation will also have to be accompanied by changes in administrative practice and the behaviour of civil servants, so that businesses really benefit from the removal of restrictive rules.

One of the most pleasing aspects of this project for the Task Force is that it is the result of very fruitful co-operation between the OECD and Greek civil servants, drawn from the Hellenic Competition Commission, the Ministry of Development and Competitiveness and other ministries. These collaborative working processes have proved very rewarding and will leave a lasting legacy for the Greek administration in terms of increasing the capacity to understand and mitigate the unintended consequences of regulation on competition and market functioning.

The task of improving Greek regulation does not end here. This may only be the first step on a long but important journey. Obstacles such as those identified in the sectors evaluated in this report may be equally prevalent in other areas of the economy. Greek regulatory culture and practice must also change so as to prevent this type of obstacle reappearing in the future. Draft legislation should be

checked more rigorously in its preparatory phases to avoid any unintended consequences for new businesses and consumers.

It was our pleasure to accompany this project from its inception. The Task Force for Greece stands ready to assist the Greek authorities in harvesting the fruits of this important work.

A handwritten signature in black ink, appearing to read "Horst Reichenbach".

Horst Reichenbach
Head of EU Task Force for Greece

ACRONYMS AND ABBREVIATIONS

AEPO	approval of environmental conditions
AESGP	Association of the European Self-Medication Industry
AFSE	Association Française de Science Economique
AFSSAPS	French agency for the safety of health products
art.	article (of law)
ASA	Advertising Standards Authority (UK)
ASEP	Supreme Council for Civil Personnel Selection
ASBOF	Advertising Standards Board of Finance (UK)
CE	<i>Conformité Européenne</i>
CEN	European Committee for Standardization
CENELEC	European Committee for the Electrotechnical Standardization
DEKPA	Private Pleasure Maritime Traffic Document
DID	difference-in-differences study
EC	European Community
ECC	European Cruise Council
ECR	Efficient Consumer Response Association
EDEE	Greek Advertising and Communication Agents Association
EFET	Hellenic Food Authority
EFEX	Association of Pharmaceutical Companies of Non-Prescriptions Medicines
MEP	Member of the European Parliament
EKEBI	National Book Centre of Greece
ELOT	Hellenic Organisation for Standardisation
ELSTAT	Hellenic Statistical Authority
EOF	National Organisation of Medicines
EOT	Greek Tourism Organisation
ESVEP	Greek Association of Branded Products and Manufacturers
ETSI	European Telecommunications Standards Institute
FIBC	flexible intermediate bulk container
FMCG	fast-moving consumer goods
FSA	Food Standards Agency (UK)
GCSL	General Chemical State Laboratory
GDP	gross domestic product
GSL	General Sales List (UK)
GVA	gross value added
HATTA	Hellenic Association of Travel and Tourist Agencies
HCC	Hellenic Competition Commission
ICAP	Intercapital
IELKA	Institute of Retail Consumer Goods
IGME	Institute of Geology and Mineral Exploration

IMDG	International Maritime Dangerous Goods (Code)
IOBE	Foundation for Economic and Industrial Research
IOC	International Olive Council
KED	Public Real Estate Corporation
L	litre
MARAD	US Maritime Administration
MD	Ministerial Decision
NACE	Statistical Classification of Economic Activities in the European Community
OAE	Federation of Greek Bakers
OFT	Office of Fair Trading (UK)
OTC	over-the-counter (medicines)
par.	paragraph (of article of law)
PD	Presidential Decree
KTEL	Joint Bus Receipts Funds (coach co-operative)
PGEU	Pharmaceutical Group of the European Union
PL	private label (products)
PMR	Product Market Regulation (index)
PVSA	Passengers Vessels Services Act (US)
RAE	Regulatory Authority of Energy
RIA	regulatory impact assessment
R&D	research and development
RD	Royal Decree
RPM	retail price maintenance
S.A.	<i>Société Anonyme</i>
SEEDDE	Confederation of Greek Enterprises for Rented Villas & Apartments
SEEPE	Hellenic Petroleum marketing Companies Association
SELPE	Hellenic Retail and Business Association
SETE	Association of Greek Tourism Enterprises
SEV	Hellenic Federation of Enterprises
SEVAS	Association of the Greek Industry of Detergents and Soaps
SEVT	Federation of Hellenic Food Industries
SGEI	service of general economic interest
TAIPED	Hellenic Republic Asset Development Fund
TEE	Technical Chamber of Commerce
TEEA	Bakers' Supplementary Insurance Fund
TEOM	Tourism Road Transport Company
TSPEATH	Pension Fund of Personnel of Athens and Thessaloniki Newspapers
UHT	ultra high temperature (milk)

EXECUTIVE SUMMARY

The work undertaken by the Greek authorities in recent years to reinforce competition law and strengthen the Hellenic Competition Commission, to simplify business administration and to liberalise professional services, has demonstrated their political willingness to address existing regulatory barriers to competition that have contributed to holding back the economic recovery.

The OECD Competition Assessment of Laws and Regulations in Greece project, through the scrutiny of legislation in four sectors of the Greek economy – food processing, retail trade, building materials and tourism – has led to the identification of **555** regulatory restrictions. These regulations were selected as being potentially harmful to competition from the original 1 053 legal texts chosen for analysis, using the OECD's *Competition Assessment Toolkit*. In total, the report makes **329 specific recommendations** to mitigate harm to competition.¹ In addition, 40 provisions were found to constitute an administrative burden on businesses.²

Summary of the legal provisions analysed by sector

	Food processing	Retail trade	Building materials	Tourism	Horizontal legislation	Total
Recommendations made	54	129	32	76	38	329
Administrative burden	1	15	1	19	4	40
No recommendations for change	45	66	13	37	25	186
Total	100	210	46	132	67	555

If the recommendations detailed in this report are implemented, benefits to consumers in Greece and to the Greek economy should arise in all four sectors. Throughout the project, we have thought to identify the sources of those benefits and, where possible, provide quantitative estimates. Such estimates are made on the basis of experiences of deregulation in other countries in some instances, or by relating conservative estimates of efficiency gains to the overall size of the business activity affected. More specifically, if the particular restrictions that have been identified during the project are lifted, the OECD has calculated a positive effect to the Greek economy of around EUR 5.2 billion. This estimated amount stems from the nine broad issues that we were able to quantify (representing 66 provisions out of 329); in other words, the full effect on the Greek economy is likely to be even larger. The amount is the total of the estimated resulting positive effects on consumer surplus, increased expenditure and higher turnover, respectively, in the sectors analysed, as a result of removing current regulatory barriers to competition.

In addition, we consider that the cumulative, long-term impact on the Greek economy of lifting all the restrictions identified as harmful, including those that were more technical in nature (for instance regulations on foodstuffs), should not be underestimated, since the rationalisation of the body

of legislation in these sectors will also positively affect the ability of businesses to compete in the longer term, provided that the recommendations are implemented fully.

Such benefits generally take the form of lower prices and greater choice and variety for consumers. Often this will result from entry of new, more efficient firms, or from existing suppliers finding more efficient forms of production under competitive pressure.

Naturally, in some cases there will be a trade-off in terms of the cost of implementing the recommendations. The OECD work has focused entirely on analysing the harm to competition from the regulatory restrictions identified, and how to mitigate it; but in some cases there is likely to be some cost involved in reforming the legislation. It may be the case, for instance, that a funding gap will be created by the lifting of levies on goods or services previously used to finance pension funds. The OECD work on competition assessment does not calculate these costs. Rather it is a study that assesses the harm to competition from the restrictions identified, mainly to consumers, but also to Greek businesses that cannot compete freely. The harm can therefore be thought of as the overall loss of efficiency to the Greek economy.

Key recommendations (out of a total of 329 recommendations)

- Repeal obsolete and outdated legislation for the four sectors analysed, especially from the *Code of Foodstuffs and Beverages*.
- Abolish all barriers to entry that have been identified. These include the strict licensing requirements in the asphalt sector; minimum requirements for storage, or minimum capital requirements in the building materials sector; numerous barriers to investment in tourism activities, such as geographical restrictions or minimum quality requirements; limits on tourist coach activities; restrictions on offices of travel agents; limits to the trade of blended olive oils; and so on.
- Abolish any requirement to seek price approval or to submit prices to the authorities or to trade and industry associations for all tourist activities.
- Remove all third-party levies and fees. These include the tax on advertising and the levies on flour and on cement.
- Fully liberalise Sunday trading, including for stores above 250m², shopping malls and outlets.
- The five-day restriction on the shelf life of milk should be lifted. The product's use-by date should be determined by the producers, according to their pasteurisation methods and the relevant EU regulation. Milk cartons should be clearly stamped with the date of production and the valid-to date.
- Prices of over-the-counter medicines (OTCs) and dietary supplements such as vitamins should be liberalised. This should be done in conjunction with a full liberalisation of the distribution channels.
- Retailers should be able to decide freely on shop promotions and discounts, including on the determination of periods of seasonal sales.
- The regulation of cruises should be relaxed by lifting the round-trip restriction on cruises leaving a Greek port, so as to allow passengers to embark the cruise at one port and disembark at another port.

- The five-mile restriction on moorings should be lifted, allowing marina operators to compete with nearby commercial or fishing ports on prices.

Finally, horizontal regulations that hamper or thwart the proper functioning of markets should be removed to allow competition to drive efficiency gains and increase productivity across all sectors of the Greek economy.

Provided all the recommendations are fully implemented, the benefits to the Greek economy will include the emergence of more competitive markets, resulting in faster productivity growth over time. In this report we do not attempt to estimate this effect. However, in Australia, which undertook a broad programme to remove regulatory barriers to competition in the 1990s, there have been significant benefits. In 2005 the Productivity Commission examined the effects of selected pro-competitive reforms and calculated that, by enhancing productivity in particular sectors, they had boosted Australia's GDP by about 2.5% above levels that would have otherwise prevailed.

Increased competition in the Greek economy resulting from our recommendations can arise in several different ways, such as:

- removal of barriers to competition between existing suppliers;
- removal of constraints upon the ability of existing suppliers to compete;
- removal of restrictions on the entry of new suppliers, or innovative forms of supply; and
- reduction of costs that are particularly likely to hinder competition, for example because they make it harder to advertise, or impose heavy costs on smaller or newer suppliers in the market.

However, to ensure that these benefits will eventually benefit the Greek consumers, it is important that the suggested measures are fully implemented. Partial lifting of restrictions will yield only partial results. Moreover, this should be seen as only the first part of a much longer process. The OECD Competition Assessment project carried out an *ex post* assessment of existing legislation and found valuable and meaningful results. To safeguard these results for the future, regulatory impact assessment (RIA), with a particular focus on competition impact assessment of new legislation at the drafting stage, should become an integral part of the policy-making process.

Notes

- 1 In 186 cases we make no recommendation. In these cases the restriction was found to be proportional to the policy objective, or the restriction stems from harmonised EU legislation. In some cases, the restrictive provision was abolished during the course of the investigation, and hence no recommendation was made in the final report. All cases are clearly signalled in Annex B.
- 2 These regulations do not have a direct bearing on competition; nonetheless, they constitute burdens on businesses and clearly affect the business environment. The OECD is undertaking a joint project with the Greek Ministry of Administrative Reform and e-Government to measure and reduce the administrative burden in 13 sectors. The restrictions identified were passed on to the Greek government.

ASSESSMENT AND RECOMMENDATIONS

This assessment identifies distortions to competition in Greek legislation and proposes recommendations for the removal of regulatory barriers to competition in four key areas of the Greek economy: food processing, retail trade, building materials and tourism, with additional investigation of cross-cutting legislation that concerns these four areas. The 555 regulatory restrictions that were identified were analysed, and the report makes 329 specific recommendations, with an additional 40 provisions that are an administrative burden to businesses. Among the benefits from increased competition will be lower prices and greater choice and variety for consumers as a result of entry of new, more efficient firms or from new forms of production in existing firms. This report identifies the sources of those benefits and, where possible, provides quantitative estimates. If the particular restrictions that have been identified during the project are lifted, the OECD has calculated a positive effect for the Greek economy of around EUR 5.2 billion.

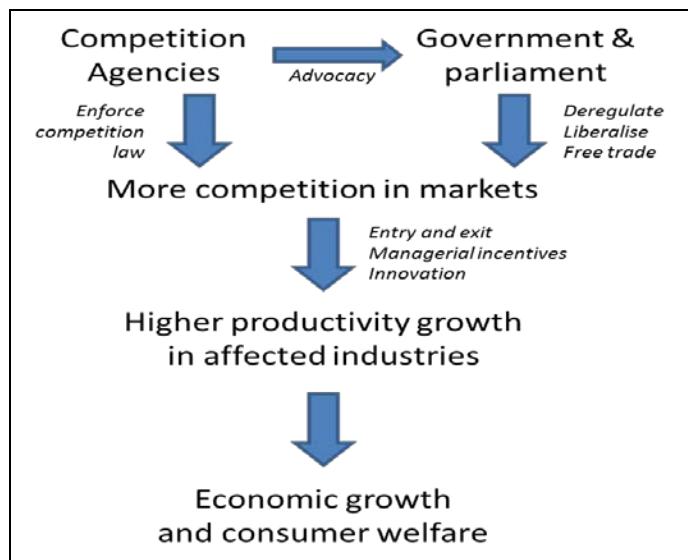
The Competition Assessment of Laws and Regulations in Greece project (the Competition Assessment Toolkit Project) has identified and evaluated regulatory barriers in four sectors of the Greek economy (food processing, retail trade, building materials and tourism), and pinpoints the necessary steps required to remove these restrictions in order to stimulate the emergence of a more competitive environment for Greek businesses. This section outlines some of the key economic benefits that arise from competition. It then summarises the central aspects of the assessment before discussing the main recommendations for regulatory change and their expected benefits, both to the Greek consumer and to the Greek economy.

The benefits of competition

One of the main reasons to pursue pro-competitive regulatory reforms is to benefit the economy. When customers can choose between different providers of goods they benefit, and so does the economy as a whole. Their ability to choose forces firms to compete with each other. Choice and variety for consumers is a good thing in itself, but most importantly, firms that operate in competitive markets experience faster productivity growth than firms in less competitive environments. Although it is hard to measure the effect of, for example, changes in competition law on economic growth, there is solid evidence in support of each of the relationships shown below.

This has been confirmed in a large number of empirical studies, both on an industry and on a firm level. The finding that pro-competitive reforms enhance productivity is not confined to developed economies, but applies equally to emerging markets.

Figure 1. Competition and Growth



Source: OECD (2013), *Factsheet on Competition and Growth*, OECD Working Party 2 on Competition and Regulation.

Improving productivity on a widespread scale enhances economic growth. Other benefits from competition can also be important. These include lower consumer prices, greater consumer choice and better quality of products and services, more employment, greater investment in R&D, and faster adoption of innovations by firms that are close to the technology frontier.

The primary reason that competition stimulates productivity seems to be that it allows more efficient firms to enter and gain market share at the expense of less efficient firms. Increased productivity from competition may arise as a result of both static and dynamic gains. Static gains follow from eliminating inefficiencies as the monopolists facing competitive pressures cease to live the “comfortable life”. Dynamic efficiency improvements arise, for example, because competition improves the ability of owners or the financial market to monitor managers, by enhancing opportunities for comparing performance, enhancing the incentive to innovate to gain market share or because competition leads managers to work harder to maintain profits (Nicoletti et al., 2003).

The productivity impact of competitive rivalry has been studied empirically with event studies of large regulatory changes, analyses of cross-country or cross-sectoral regulatory differences and their impact on competition or productivity, and detailed firm-level analyses of productivity. In all these studies, there is ample evidence that productivity increases when competitive forces are augmented.

Box 1. Empirical evidence for productivity gains from lifting regulatory barriers to competition

In Australia, broad efforts to revise laws to promote competition, which took place in the 1990s, have delivered significant benefits. In 2005 the Productivity Commission examined the effects of selected pro-competitive reforms and calculated that, by enhancing productivity in particular sectors, they had boosted Australia's GDP by about 2.5% above levels that would have otherwise prevailed. Moreover, those reforms examined were only a selection of all reforms, suggesting that the 2.5% figure is likely to be a conservative estimate. See Sims (2013), Productivity Commission (2005). The studies on Australia are consistent with the positive relationship between competition policy and productivity. Sims (2013), the OECD (2006) and the Productivity Commission (2005) attribute Australia's performance turnaround to pro-competitive reforms, including those from the National Competition Policy's regulatory reviews as well as from other reforms, such as tariff reductions that increased international competition. Australia's productivity performance went from being one of the worst in the OECD to one of the top performers during the period of the National Competition Policy reforms.

Policies liberalising industries that were previously regulated monopolies (especially utilities) also provide clear natural experiments on the effects of competition. For example, in the US electricity industry, Fabrizio (2004) finds that private electricity generators facing competition had 5% higher productivity than privately-owned generators facing no competition. Cahuc and Kamarz (2004) find that after de-regulating the road transport sector (“trucking”) in France, employment levels in road transport increased at a much faster rate than before deregulation, with employment growth increasing from its level between 1981-1985 of 1.2% per year to 5.2% per year between 1986-1990. Between 1976 and 2001, total employment in the road transport sector doubled, from 170 000 to 340 000.

Davies et al. (2004) note the significant price effects from deregulation that had the effect of introducing competition, such as the introduction of low cost airlines within Europe.

Taking an opposite approach, Haskel and Sadun (2009) look at an increase in regulation, finding that increased regulation of retailing in the UK from 1996 reduced total factor productivity growth in retailing by about 0.4% per year. More generally, Cincera and Galgau (2005) find that tighter regulation that reduced entry in European markets raised mark-ups and lowered labour productivity growth.

Source : OECD compilation.

Direct measurement of the effects of competition

The conclusion that increased competition generates high productivity is supported by detailed studies of industries or individual firms. For example, Nickell (1996) states that the evidence he examined suggests that “competition, as measured by increased numbers of competitors or by lower levels of rents, is associated with a significantly higher rate of total factor productivity growth.”

Building upon and deepening Nickell's work, Disney, Haskell and Heden (2003) use data on 140 000 separate businesses and conclude that "market competition significantly raises both the level and growth of productivity". Blundell, Griffith and Van Reenen (1999), by examining a set of data on manufacturing firms in the UK, find a positive effect from product market competition on productivity growth.

OECD research has also provided ample sources of evidence that product market deregulation can result in increased growth. Mechanisms identified include shifting resources from less efficient to more efficient providers through the process of competition and lifting restrictive regulation that was holding back the take-up of information and communication technology (ICT). See for example Nicoletti and Scarpetta (2003), Conway *et al.* (2006). Looking at 15 countries and 20 sectors, Bourles *et al.* (2010) find that eliminating regulatory restrictions on competition in upstream sectors would enhance multi-factor productivity growth by 1%-1.5% a year.

In a cross-country comparison of anti-competitive regulatory restrictions using the OECD's Product Market Regulation (PMR) index,¹ Arnold, Nicoletti and Scarpetta (2011) find that product market regulations that restrict competition are associated with reduced total factor productivity of firms. They sample evidence from 100 000 firms in 10 European countries, finding that anti-competitive regulations may particularly restrict the firms that are on a path to catch up with the most productive firms in their industry. Competition ensures that firms catch up more quickly to reach the technological frontier within their sector.

In Japan, work by Michael Porter and others demonstrated that it was those industries exposed to international competition that experienced rapid productivity growth, while those that operated in protected domestic markets stagnated. For example, Sakakibara and Porter (2001) conclude that "local competition – not monopoly, collusion, or a sheltered home market – pressures dynamic improvement that leads to international competitiveness". Other economists have confirmed the findings. For example, Okada (2005) finds that "competition, as measured by lower level of industrial price-cost margin, enhances productivity growth, controlling for a broad range of industrial and firm-specific characteristics."

Ospina and Schiffbauer (2010) use firm-level observations from the World Bank Enterprise Survey database, and find that "countries that implemented product-market reforms had a more pronounced increase in competition, and correspondingly, in productivity: the contribution to productivity growth due to competition spurred by product-market reforms is around 12%-15%".

A detailed study of management practices in more than 10 000 firms from 20 countries finds that those firms facing more product market competition have better management practices and, in turn, higher productivity. In the high competition cases, firm management practices tended to be concentrated around best practices. In contrast, when competition was less intense, a "fat tail" of firms with poor management practices was found even while some firms were well managed. Competition is a mechanism that incites firms to improve their management practices (Bloom *et al.*, 2012).

To sum up, anti-competitive regulations that hinder entry and expansion in markets may be particularly damaging for the economy because they reduce pressures to increase productivity and ultimately limit economic growth. Revising regulations to ensure they are pro-competitive, and lifting any barriers identified, can unleash rivalry that makes firms become more productive and, when widespread, can generate aggregate increases in economic growth.

Removing regulatory barriers to competition was the overall aim of the competition assessment project carried out by the OECD with the support of the Hellenic Competition Commission. The rest of the chapter outlines the main findings from the project.

Key findings from the Competition Assessment project in Greece

The main aim of the Competition Assessment of Laws and Regulations in Greece project is to improve competition in four sectors of the Greek economy: food processing, retail trade, building materials and tourism, through the removal of regulatory barriers. These sectors represented 21% of GDP by output in 2011, and had a combined turnover of EUR 44.26 billion.² These four sectors represented 1 103 500 jobs or 24.8% of total employment in Greece in 2011. Lifting the restrictions to competition in these sectors is therefore likely to have a significant positive economic impact, both in the short term and in the long term.

The outcomes discussed in this section were reached through identifying regulatory barriers to competition, assessing their impact in terms of harm to competition, and suggesting specific recommendations to lift the restrictions. This is not an economic impact assessment. It is a methodical analysis of the legislative texts related to the sectors under analysis.

The work has led to the identification of **555** regulatory restrictions found in the original 1 053 legal texts selected for assessment. In total, the report makes **329 specific recommendations** to mitigate harm to competition.³ These are all available in Annex B to this report. In addition, 40 provisions were found to constitute an administrative burden on businesses.⁴

Table 1: Summary of the legal provisions analysed by sector

	Food processing	Retail trade	Building materials	Tourism	Horizontal legislation	Total
Recommendations made	54	129	32	76	38	329
Administrative burden	1	15	1	19	4	40
No recommendations for change	45	66	13	37	25	186
Total	100	210	46	132	67	555

Source: OECD analysis.

It was not possible to quantify the effects of all the restrictions identified, either because of a lack of data, or because of the nature of the regulatory change. However, it is clear from the above that the ramifications for the Greek economy in terms of long-term positive economic effects on employment, productivity and growth will be significant, provided all the recommendations are implemented in full.

For instance, a quite small increase in turnover of 2.5% as a result of increased productivity (similar to the results identified in Australia as discussed above), would represent an increase of EUR 1.11 billion a year for just these four sectors. This is a conservative estimate, according to the Australian example. Moreover, current statistics used for the purposes of this report most likely underestimate the size of the four sectors, so the effect could be even more significant than estimated here.⁵ For illustrative purposes only, Table 2, below, highlights what a 5% increase would look like.

**Table 2: Summary data for the four sectors and projected % increases from efficiency gains,
2011 data**

Sector	Share of GDP by output	Turnover, EUR bn	Value of a 2.5% increase, EUR bn	Value of a 5% increase, EUR bn
Food processing	4.9%	8.18	0.20	0.41
Retail	4.1%	17.42	0.44	0.87
Building materials	5.5%	8.16	0.20	0.41
Tourism	6.5%	10.50*	0.26	0.53
Total for the 4 sectors	21%	44.26	1.11	2.21
Total economy (GDP by expenditure)		208.53	5.21	10.43

*Tourism receipts.

Note: Hellastat compiles data from the financial statements of Greek companies. By definition these are the firms that are required by law to publish their statements and tend to be the larger firms. In other words, this does not capture the full size of each sector. ELSTAT., the national Greek statistical office, does not have expenditure or turnover data beyond 2008 for the relevant sectors.

Note: Retail trade figures do not include outdoor trade and market stalls. Moreover, reporting the sector as a share of GDP by output underestimates the weight of the retail trade sector in the economy. The estimated weight of retail by expenditure is likely to be closer to 8%-10%, taking 2008 figures as a proxy.

Source: Hellastat, Bank of Greece, Eurostat, OECD calculations from STAN Database.

More specifically, if the particular restrictions that have been identified during the project are lifted, the OECD has calculated a positive effect for the Greek economy of around EUR 5.2 billion. This amount stems from the nine broad issues that we were able to quantify – in other words, the full effect on the Greek economy is likely to be even larger. The amount is the total of the estimated resulting positive effects on consumer surplus, increased expenditure and higher turnover, respectively, in the sectors analysed as a result of removing current regulatory barriers to competition.

Although only a number of the restrictions could be fully quantified (66 out of 329 recommendations), we consider that the cumulative, long-term impact on the Greek economy of lifting all of the restrictions identified as harmful, including those that were more technical in nature (for instance, regulations on foodstuffs), should not be underestimated. The rationalisation of the body of legislation in these sectors will also positively affect the ability of businesses to compete in the longer term, provided that the recommendations are implemented fully. Finally, by removing obsolete or redundant legislation, investors face a more transparent and less uncertain business environment.

Table 3 below summarises the quantifiable effects of lifting the regulatory barriers to competition for selected obstacles.

Table 3: Synthesis of positive effects quantified by item

Sector	Benefit	Number of provisions affected	Value, EUR m
Food		3	
“Fresh” milk	€33m (consumer benefit/year))	2	33.0
Levy on flour	€8m-11m (value of levy/year)	1	8.0
Retail		35	
Sunday trading	30 000 new jobs	3	
Sunday trading	€2.5bn (annual expenditure)	9	2 500.0
Sales and discounts	€740m (annual turnover)	23	740.0
OTCs	€102m (consumer benefit/year)	14	102.0
Tourism		14	
Marinas	€2.3m (annual turnover)	10	2.3
Cruise business	€65m (annual turnover)	4	65.0
Horizontal		14	
Advertising	€1.8b (consumer benefit/year)	14	1 800.0

Main restrictions identified in the four sectors

In some cases, it was possible to identify certain types of restrictions across the four sectors using a “common” typology of competition restrictions which is also used by the *Competition Assessment Toolkit*, such as barriers to entry or price distortions.

Obsolete legislation

We found two types of obsolete legislation. Some were restrictions that have been superseded by more recent legislation but have not been explicitly removed from the body of legislation. An example of this was the legislation related to kiosks (Law 3648/2008, Regulations of war handicaps, staff of Ministry of Defence and other provisions; retail sector). The licensing rules for kiosks had been liberalised, but the old laws had not been repealed.

Another type of obsolete legislation was restrictions that were outdated by nature, owing to new technology or new uses, or not in force, but still remaining as part of the Greek body of law.

Among others, these included:

- references to “centres for foreigners’ holidays” in Greece (legislation from 1955);
- provisions to allow “competent authorities” to modify the prices of hotel nights (1923);
- requirements to keep stocks of oats, salt and fuel in bakeries (provision from 2007, but dating from earlier versions of the Market Code);

- restrictions on the bottling of apple vinegar (1974) or on importing certain types of peppers (1987);
- provisions to force operators of mines to sell part or the whole of their production to Greek industries (Code of Mines from 1973); and
- provisions to force a manufacturer to produce only pasteurised milk (1914).

The OECD **recommends that all such provisions should be abolished** or, where new legislation has been enacted, to specifically repeal the outdated provisions. Such “cleaning up” of the body of law removes potential sources of legal uncertainty, improves the operational environment and removes regulations that could be used for grandfathering purposes and contributes to creating a level playing field for companies in the sector.

Barriers to entry

Several barriers to entry, of various kinds, were identified across the four sectors. Some of them are outlined here:

- requirements to obtain a licence to trade asphalt (minimum share capital of EUR 500 000; minimum available storage capacity of 2 000m²);
- olive oils blended with other vegetable virgin oils cannot be produced and sold by Greek producers for the domestic market (but can be sold for export);
- Greek legislation defines “fresh” milk as having a shelf-life of no more than five days;
- numerous barriers to entry were identified in the **tourism sector**, many of those resulting from strict requirements in order to obtain building permits or licences for certain facilities, such as:
- special requirements for investment in various tourist activities such as car racing tracks, entertainment theme parks, centres of athletic and coaching tourism;
- a requirement for three-star or more accommodation to already be available in nearby locations before granting permits; or
- an obligation for certain types of facilities to be located close to an airport.

In the case of clear-cut barriers to entry such as those outlined, **we recommend that the regulatory barriers identified above be abolished**. The benefits of this action are clear: it enables new suppliers to enter the market, thereby spurring competitive pressures (or sometimes merely the threat thereof), leading to product innovation, efficiency gains and potentially lower costs for manufacturers and lower prices for consumers. Moreover, freeing up decision making on things such as storage capacity enables suppliers to adapt their businesses to suit their financial, technical and commercial needs.

In addition, the tourism sector should see clear benefits from allowing more entry into the market, leading to increased market and operational efficiency across the various tourist activities businesses,

eventually benefiting the tourists (more variety on offer) and thereby supporting the goals of policy makers to attract more visitors to Greece.

Price distortions

Numerous examples of price distorting regulations were found in the Greek legislation that we analysed. These include:

- setting of minimum prices by the relevant ministers and other interventions in price setting;
- requirements to submit prices to trade associations;
- requirements to maintain prices for long periods (widespread in the tourism sector for instance, where many sports activities have to keep their prices unchanged for 12 months at a time);
- specific provisions referring to price approvals and to submission of prices for several different tourist activities such as tourist accommodation (hotels, furnished apartments, villas, rooms to let), “therapeutic” tourism (springs, spas), mountain shelters, sea leisure activities, marinas and recreational vessels.

Price distortive regulation prevents the market from adjusting, especially in a downturn. Prices out of line with conditions of supply and demand will lead to inefficient consumption and investment decisions. For example, if a tourist season turns out to be less busy than expected, rooms might have to stay vacant when it would be better to allow hotels to advertise and consequently offer special reduced-price stays.

We recommend in general that **any requirement to seek price approval or to submit prices to the authorities or to trade and industry associations should be abolished for all tourist activities**. Removing such price distorting regulation should increase market and operational efficiency across tourist sectors and tourist businesses, correct market distortions and intensify competition. It should also eliminate possible collusive equilibrium outcomes among tourism businesses.

Third-party levies

A particular anti-competition restriction identified in Greece was the presence, in several sectors, of third-party levies on materials or services, which are then used for para-fiscal purposes, mainly to finance pension funds for special interest groups. This was the case for a generic tax of 20% on all advertising in newspapers, and 21.5% on advertising on television and radio, paid by the purchaser of the advertisement, and collected by the advertising agency, to finance the Pension Fund of Personnel of Athens and Thessaloniki Newspapers. A similar levy was found on flour (EUR 16/tonne of flour in favour of the Bakers' Supplementary Insurance Fund and on cement (2% on the sales price of cement, whether produced or imported, in favour of the Subsidiary Pension Fund of Employees).

Not only does the presence of such levies distort the market price, it also skews the market in favour of some sub-groups relative to others. We therefore recommend that any such levies be lifted. This should lead to clear benefits. In the case of advertising, for instance, removing the tax will decrease costs for business, leading to lower prices, lower barriers to entry, stimulate the advertising business and allow for more information for consumers, stimulate new business across all sectors and

ultimately increase employment. Based on empirical evidence, it was possible to estimate the benefit for the Greek consumer: if the removal of the tax on advertising leads to a 1% price decrease across the retail sector, then the consumer surplus would be **EUR 1.8 billion**. The removal of the levy on flour would lead to a cost-saving of around **EUR 8 million to EUR 11 million** a year for the industry. It was not possible to precisely quantify the magnitude of the benefit for consumers.

It should be said that the quantification of consumer surplus, cost-savings or increased expenditures/turnover obtained by the OECD study represents an estimate of the gross positive effects of removing the barriers to competition. In some cases, such as removing the fee on advertising, there will be an associated cost with implementing the recommendation, for instance a funding gap for the pension fund in question. However, in this particular case, owners of media houses and newspapers do not currently contribute to the pensions of their employees. Some of the switching cost should therefore be borne by employers, rather than by the state. More generally, the objective of the OECD study was to identify and analyse regulatory barriers to competition, rather than carry out a full cost-benefit analysis of the impact of the changes suggested.

In addition to the restrictions by type discussed above, the OECD identified a large number of restrictions across the four sectors that did not fall into the main categories. We take the time to discuss a few of the more important ones below.

Food processing

As mentioned above, Greece is the only country in Europe that has legislation to determine the shelf-life of fresh milk (currently limited to five days). This contributes to higher retail prices for consumers. In addition, narrow product definitions in the dairy sector lead to restricted choice for Greek consumers.

The new Law 4152/2013 lifts some of the previous restrictions on the operation of in-store **baking** (so-called bake-offs), but maintains several seemingly arbitrary distinctions between craft bakeries and other points of sale of bread (“bread stations” in Greek), where bread is baked from pre-prepared dough, although the end products are similar in taste and appearance, and consumers perceive them as being identical.

A number of restrictive or problematic provisions were identified in the *Code of Foodstuffs and Beverages*, such as narrow or out-dated definitions of food items, in addition to the old or obsolete provisions mentioned already.

Other competition distorting restrictions identified relate to packaging sizes, and quantity or size requirements for food products or containers.

Retail trade

The Greek retail sector has seen significant reform since 2011. Several key pieces of legislation have been passed to open up the sector and liberalise trade, especially the new general framework of rules governing the distribution of products.⁶ As a result of these regulatory improvements, not just in the retail trade sector but also across **product markets as a whole**, the value of Greece’s indicator in the OECD Product Market Regulation (PMR) index has improved, rising from 2.35 in 2003 to 2.12 in 2008; 2.02 in 2011 and to 1.57 in 2013.^{7 8 9} The OECD average was 1.47 in 2013, an improvement

from 1.73 in 2003 (the index scale goes from 0-6; from least to most restrictive). Some restrictions are as follows:

- Sunday trading remains restricted. Some deregulation of Sunday trading restrictions has taken place, although mainly for small businesses; shopping malls and retail shops above 250m² are only allowed to open for seven Sundays a year. Such partial liberalisation will not reap the benefits from employment creation and projected rising expenditure that full liberalisation would yield.
- The regulations on sales, discounts and promotions have also been identified as unnecessarily restrictive, placing significant limitations on retailers' ability or incentives to promote or discount their goods, but without offering any significant additional protection for consumers.
- Other restrictions concern the operation of pharmacies, limiting both their availability and accessibility for consumers. These restrictions include establishment regulations, such as strict licensing and ownership rules, and geographic limitations. In addition, the framework that regulates the particular trading hours of pharmacies needs to be revised.
- The regime for over-the-counter medicines (OTCs) and dietary supplements, including vitamins, is highly restrictive. Greece is among the few EU countries that both sets prices throughout the vertical production chain for OTCs (ex-factory, wholesale and retail prices) and restricts their distribution to licensed pharmacies only. The joint restriction severely limits competition in the market, leading to under-investment in the sector and poor availability of OTCs and dietary supplements for consumers.
- More specific limitations in the retail trade sector have been identified for outdoor trade and street markets, fuel retail, and for the pricing of books, including e-books, re-editions and reprints. The retail price of books is fixed by the publisher for two years, leading to high and rigid retail prices, inefficient production and distribution channels and little or no incentive for innovation.

Building materials

The Greek building materials sector is largely governed by EU legislation as numerous materials are subject to mandatory, EU-wide harmonised standards, or follow broad EU guidelines. Some materials, however, follow national legislation, and in some cases national and EU legislation co-exist, causing uncertainty or uneven treatment of suppliers; this is the case for some public tender specifications, such as for frames of aluminium and frames of synthetic materials, or fire resistance of materials. For other materials, such as plastic tubes there are no mandatory standards at EU level, and therefore national standards are the only relevant norms.

The legislation on the distribution and transportation of materials may, in some cases, create difficulties for the flow of products within Greece and from other EU countries. For instance, the Greek legislation on dispatching centres for bulk cement and big bags implements EU legislation in a way that restricts supply and raises costs for end-users.

The regulation on the maritime transportation of paints and other chemicals is not fully updated to reflect current international practice as defined by the International Maritime Organization.

For a large number of materials EU legislation allows member states to adapt the harmonised standard to national requirements, taking account of geography and other factors. This practice leaves room for discretion and could potentially be leveraged by individual member states to include only certain specifications of a material, in order to benefit local suppliers.

Tourism

A new Tourism Law 4179/2013 came into force in August 2013. It lifts some restrictions, such as previous provisions that limited the ability and the incentive of private villa owners to offer their properties for rental to tourists, by greatly simplifying the licensing procedures and tax compliance rules. It also removes similar restrictions on so-called rooms-to-let touristic businesses, creating a level playing field between the two types of rental activities.

However, in some cases the new law is unnecessarily restrictive. For instance, only new coaches can be licensed as tourist coaches. Second-hand tourist coaches cannot be placed in circulation unless they replace an existing coach, resulting in the differential treatment of old and new suppliers and in cost differences.

Many restrictions were found in transport-related subsectors (marinas, cruises, leisure vessels, tourist coaches and car rental among others).

Cruises are subject to restrictions in order to distinguish their services from the sea transportation services provided by ferries. The two key requirements that cruises have to satisfy are that the duration of the cruise should be at least 48 hours, and that passengers have to embark and disembark the cruise at the same port if they start their trip from a Greek port.

The regulation of recreational vessels aims to differentiate between various forms of maritime tourism, to prevent them from competing with each other, and to prevent non-professionals from entering the market, ostensibly for tax exemption reasons. This isolates some activities from competition, potentially leading to higher prices and a lower quality of service.

Operators of marinas, an important subsector of the Greek tourism market, must submit their price lists to the authorities. The requirement to submit price lists may provide strong incentives to marina operators to set their prices higher than the equilibrium price and, then, informally offer ad hoc discounts to their clients. The regulation interferes with the market mechanism and prevents prices from adjusting naturally to market conditions, thereby restricting incentives to compete between marinas.

Imposing a five nautical miles captive radius for private vessels protects marinas from competition from shelters, fishing ports and other commercial ports nearby. This regulatory restriction limits consumer choice and is likely to lead to inefficiency in the marina market, as without competition the marina owners have little incentive to improve their product.

Recommendations and expected benefits

Food processing sector

The five-day restriction on the shelf life of milk should be lifted. The product's use-by date should be determined by the producers, according to their pasteurisation methods and the relevant EU regulation. Milk cartons should be clearly stamped with the date of production and the valid-to date.

These simple measures should reduce costs along the supply chain, provide incentives for innovation and greater product variety and significantly enhance competition in the market for fresh milk. A conservative estimate of the increased consumer benefit is approximately **EUR 33 million a year**.

The **narrow definitions of some types of dairy products** such as yoghurts, dessert cream and traditional rice puddings currently limit producers' ability to market their products, for instance as low-fat alternatives to these well-known products. **These restrictions should be relaxed**, but new regulations should take into account modern European and national rules for the labelling of contents and ingredients.

The **definition of bakery should be enlarged to encompass other points of sale of bread**. Traditional or craft bakers can use marketing techniques such as clearly stating that the dough is prepared on site.

The **Code of Foodstuffs and Beverages should be rationalised and modernised**. This entails abolishing a number of obsolete provisions and updating the regulation where needed to bring it into line with more modern production methods and technologies. This also includes allowing suppliers a greater choice of packaging sizes.

The full analysis and recommendations for the food processing sector are set out in Chapter 1.

Retail trade sector

Fully liberalise Sunday trading, including for stores above 250m², shopping malls and outlets. Full liberalisation is estimated to generate between 18 000 and 30 000 new jobs in retail, both from existing retailers hiring more personnel, but also from new entrants into the market. In addition, OECD analysis indicates that turnover would increase in certain retail sectors, such as food, leading to a positive expenditure effect up to an increase of 10.7%. These effects would benefit both Greek consumers and the Greek economy overall, with an estimated total annual expenditure effect of **EUR 2.5 billion**.

Retailers should be able to freely decide on shop promotions and discounts, including on the determination of periods of seasonal sales. Promotional signs should be clearly labelled with the old and new prices clearly displayed. A code of practice should be adopted to ensure consumer protection and should be monitored by the Ministry of Development and Competitiveness. In the longer term, the consumer ombudsman could take up this role, as is the case in Denmark, Norway and Sweden. Allowing retailers to freely decide on sales and discounts could lead to an increase of turnover over time by as much as **EUR 740 million**.

The current system of **pharmacies' trading hours should be reviewed** with a view to allowing pharmacy owners to manage their staff and their trading hours freely.

The **limits on the number of pharmacy licences one can hold should be abolished**, allowing for new capital and better managerial skills, or the establishment of chains and associations of pharmacies.

Prices of over-the-counter medicines (OTCs) should be liberalised, abolishing the regulation of ex-factory prices and maximum profit margins at the wholesale and retail levels. This should be done in conjunction with a **full liberalisation of the distribution channels of OTCs and dietary supplements**. Opening up distribution channels would greatly facilitate the access of consumers to non-prescription drugs and vitamins and would enable the competition necessary to keep prices in

check, while also stimulating investment along the supply chain. The benefit from the combined liberalisation of both prices and distribution channels is estimated by the OECD at **EUR 102 million per year**.

The current **limitations on the types of products that can be sold in street markets and in outdoor trade stalls should be relaxed**.

The **current retail price regulation of books should be abolished**. Removing these constraints on competition will boost innovation in the sector and facilitate operational efficiency, without affecting the variety of new titles published. Increased competition is likely rather to push publishers to adopt new technologies and more efficient processes, and new retail channels such as the Internet will be developed, allowing access to books anywhere in Greece. Retail of fuel can be further facilitated by **lifting certain remaining restrictions on the sales and storage of heating oil, and on the associations of independent petrol stations**.

The full analysis and recommendations for the retail trade sector are set out in Chapter 2.

Building materials sector

Where **EU harmonised standards** have not yet been transposed into Greek law, such standards **should be transposed in a timely manner**. Adopting EU standards will benefit domestic producers as many are already required to meet such standards in export markets, but face uncertainty and double standards in domestic markets. This will also ensure that suppliers from other EU countries can enter the Greek market more easily.

When materials are non-harmonised at the EU level (such as plastic tubes), meaning that standards are not mandatory for member states, **they should be examined individually by a technical commission** to assess whether there is uncertainty or unequal treatment and whether mutual recognition of standards with other member states would be appropriate.

The **legislation on dispatching centres for bulk cement and big bags needs to be streamlined** so that a dispatching centre is required only when the quality of cement cannot be ensured in another way, for instance when cement is transported via an open ship. This change will lower the barriers to import, therefore potentially increasing the number of suppliers and price pressures in the cement sector.

The Greek authorities should ensure that the **provisions related to the maximum quantities of dangerous products are reviewed and updated** for transportation purposes, and that the presidential decree governing these provisions is updated each time the International Maritime Dangerous Goods (IMDG) code is amended.

Finally, **remaining barriers to entry into the market should be lifted**. These include minimum requirements for storage; minimum capital requirements or imposed minimum surface requirements for the exploitation of a marble quarry. Entrepreneurs should be allowed to make investment decisions based on their assessment of the market. Lifting the restrictions will allow more competitors to enter the market, spurring innovation and leading to efficiency and productivity gains. These should translate into lower prices and more employment opportunities over time.

The full analysis and recommendations for the building materials sector are set out in Chapter 3.

Tourism sector

While the recent law on tourism has partly liberalised the activities of tourist coaches to improve competition within the market, further measures are needed. In particular, **the regulation on tourist coaches needs to be reviewed**. Coaches should be allowed to make stops, to pick up and to drop off their passengers in multiple destinations.

The numerous **barriers to entry arising from geographical restrictions** (such as the requirement that car racing tracks can only be built within a certain distance from hotels above a minimum star-rating) **should all be removed**. Lifting barriers to entry will entice more entrants into the market, stimulating competition and thereby leading to improvements in innovation and quality, and the variety of accommodation on offer to tourists, making the Greek tourism offer more attractive overall.

The five-mile restriction on moorings should be lifted, allowing marina operators to compete with nearby commercial or fishing ports on prices. We estimate that the increase in revenue to marinas from lifting the restriction would be around EUR 2.3 million annually.

The **regulation of cruises should be relaxed** by lifting the round-trip restriction on cruises leaving a Greek port, so as to allow passengers to embark the cruise ship at one port and disembark at another port, while still imposing a minimum duration of the passenger's trip so as to maintain the distinction with regular ferry services. This would enable Greece-based cruise operators to compete more effectively with foreign providers who are not subject to the same restriction. We estimate that lifting the restrictions would increase direct and indirect revenue from cruises across the Greek economy **by EUR 65 million annually**.

The **artificial distinction between the various types of commercial vessels** is unnecessary and **should be abolished**. Both the chartered vessels and the vessels performing small day cruises are part of the maritime tourism market and should be allowed to compete freely.

The full analysis and recommendations for the tourism sector are set out in Chapter 4.

Horizontal legislation with a bearing on the four sectors

In addition to the relevant legislation in the four sectors, we identified a certain number of provisions which affected more than one sector. These were matters related to advertising, urban planning, establishment licensing rules and transport. Upon analysis, many of these issues were revealed to be administrative burdens rather than competition issues. Nonetheless, a certain number of difficulties remain which should be subject to further scrutiny, for instance with regard to land use.

An establishment licence issued by the relevant prefecture council is required to operate a retail unit if the surface of the shop exceeds a certain threshold and is located in certain areas. Whether a licence is required depends on population and geographical criteria; moreover, Athens and Piraeus are excluded from this requirement. The regulation of retail licensing represents a barrier to entry and the discretionary powers it grants to the local authority in charge of issuing the licence can create business uncertainty.

Licensing rules in Attica are restrictive, requiring industries to have been in operation for at least three years prior to a physical unification of separate industrial production units. In addition, the separation of an industrial production unit is only allowed if the resulting units are distinctive and

operate in completely separate locations. The restrictions create barriers to exit and lead to inefficient operation.

Logistics centres are defined in a very specific manner by the legislation, which requires them to be connected to or to include a railway station, a port or an airport. Moreover, the legislation sets a minimum area for establishing a logistics centre. The legislation creates barriers to entry and affects the costs for a company wishing to operate in this business.

The legislative framework of trucks and transportation companies has been subject to many modifications since 2010. However, a few unnecessary restrictions remain. For instance, the award of a temporary and of a permanent licence for a truck for private use,¹⁰ and the maximum loaded weight of the truck, is dependent on the annual gross profit of the company or natural person applying for the licence. This requirement may increase entry costs and prevent smaller operators from entering the market.

Recommendations for horizontal legislation

The advertising fee should be eliminated and the advertising fee paid to municipalities must be eliminated. The elimination of these fees can decrease the cost of an important business input and so lower the barriers to entry for new products and firms, increase advertising expenditure, in turn boosting employment in advertising and tax revenues, allowing consumers to make more informed choices and lower the average retail price level (see also above, under *levies*, for the full impact).

The requirement that the prefecture issues retail establishment licences should be removed. The prefecture's discretionary power to decide not to allow an investment because it does not "promote" the local market is arbitrary and contrary to economic freedom and competition rules. This would allow for a fairer and more even playing field in establishing retail outlets, ultimately benefiting the Greek consumer who will have more choice.

In general, **horizontal regulations that hamper or thwart the good functioning of markets should be removed** to allow for competition to drive efficiency gains and increase productivity. In particular, this means that:

- restrictions on the merger and spin-off of industrial activities should be removed as they clearly limit exit and hence are likely to affect business decisions to enter certain markets in Attica;
- requirements on logistics centres should be lifted and investors should be allowed to make their business choices freely; and
- remaining barriers on the licensing of trucks should be abolished, in particular the temporary licence procedure and criteria currently adopted to issue a permanent licence.

The full analysis and recommendations for the horizontal legislation are set out in Chapter 5.

Conclusion: Overall benefits from removing the regulatory barriers to competition in Greece

The present chapter summarises the main findings and recommendations resulting from the analysis of more than 500 legal provisions. If our recommendations are fully implemented, benefits to consumers in Greece and to the Greek economy should arise in all four sectors, and throughout the economy as a whole through dynamic effects. Throughout this report, we have sought to identify the

sources of those benefits and where possible provide quantitative estimates. We have made estimates, for example, on the basis of experiences of deregulation in other countries in some instances, or just by relating small, conservative estimates of efficiency gains to the overall size of the business activity affected. Because the benefits of competition arise from innovative actions by many private sector agents – perhaps not even operating in the market just now – any such estimates are highly uncertain and must be regarded as providing, at best, orders of magnitude for the likely effects. Moreover, the aim of the report is to assess the harm to competition, and the expected benefits to consumers from lifting barriers. It was not always possible to quantify the effects of lifting all the restrictions because in many cases it was not possible to measure them. Out of the nine broad issues we were able to quantify, representing 66 provisions out of 329 recommendations in total, we find total effects in the range of **EUR 5.2 billion**, arising from efficiency gains and lower prices on goods and services for consumers. But the positive effects on the Greek economy over time are likely to be far greater.

Such benefits generally take the form of lower prices and greater choice and variety for consumers. Often this will result from the entry of new, more efficient firms, or from existing suppliers finding more efficient forms of production under competitive pressure. As noted earlier, more competitive markets result in faster productivity growth over a longer timescale, but we do not attempt to estimate this effect.

Increased competition resulting from our recommendations can arise in several different ways, such as:

- the removal of barriers to competition between existing suppliers (such as the recommendation that different forms of tourist transportation be allowed to compete for traffic);
- removal of constraints on the ability of existing suppliers to compete (such as freeing book retailers to reduce prices or allowing cruise ship operators based in Greece to compete on equal terms with foreign rivals);
- removal of restrictions on the entry of new suppliers, or innovative forms of supply (such as allowing supermarkets to sell certain pharmaceuticals, and to bake bread, or allowing the formation of chains of pharmacies); and
- reduction of costs that are particularly likely to hinder competition, for example because they make it harder to advertise, or impose heavy costs on smaller or newer suppliers in the market.

However, to ensure that these benefits actually reach Greek consumers, it is important that the suggested measures are fully implemented. Partial lifting of restrictions will yield only partial results. Moreover, this should be seen as only the first part of a much longer process. This project carried out an *ex post* assessment of existing legislation and found valuable and meaningful results. However, in order to safeguard these results for the future, regulatory impact assessment (RIA), with a particular focus on competition impact assessment, should become an integral part of the policy-making process.

The Greek legislator has already taken the necessary steps to facilitate this process. Law No. 4048/2012 on Regulatory governance: principles, procedures and tools of good lawmaking, states for instance (Article 7) that:

1. Every bill, addition or amendment and every normative decision of major economic or social importance shall be accompanied by an *impact assessment* [...]. The impact

assessment shall be submitted together with the draft provisions to the Office of Good Lawmaking [...] and 2. The Office for Good Lawmaking and the Ombudsman shall cooperate with the Legislative Initiative Office of the relevant Ministries provided for in Article 14 with a view to improving the quality of the impact assessment.

If this law were to be fully implemented, it would establish the required body to oversee and take responsibility for such RIA work. This is strongly supported by the OECD. Indeed, on 22 October 2009, the OECD Council adopted a *Recommendation on Competition Assessment* that calls for governments to identify existing or proposed public policies that unduly restrict competition and to revise them by adopting more pro-competitive alternatives. The Recommendation calls for governments to establish institutional mechanisms for undertaking such reviews. A number of approaches to competition assessment are possible. The OECD's Competition Assessment Toolkit is part of this process.

The rest of this report describes the results of the assessment in the four sectors and for the horizontal legislation that was identified. For each of the provisions or groups of provisions that were identified as potentially harmful, the report describes the nature of the restriction, the harm it causes to competition and the recommendations and associated benefits that the OECD has identified.

Annex A to the report describes in detail the methodology followed in the process, both to screen the laws and regulations, and also to assess the harm to competition from the restrictions, as well as the benefits to the Greek economy and to consumers from removing the barriers to competition.

Annex B to the report provides, line for line, a summary of all the regulations identified, to help the reader identify the law or article that was analysed, as well as a summary description of all the analysis carried out.

Notes

- 1 The OECD Indicators of Product Market Regulation (PMR) are a comprehensive and internationally-comparable set of indicators that measure the degree to which policies promote or inhibit competition in areas of the product market where competition is viable. They measure the economy-wide regulatory and market environments in 30 OECD countries in (or around) 1998, 2003 and 2008, and in another four OECD countries (Chile, Estonia, Israel and Slovenia) as well as in Brazil, China, India, Indonesia, Russia and South Africa around 2008; they are consistent across time and countries. More information is available at:
<http://www.oecd.org/eco/reform/indicatorsofproductmarketregulationpmr.htm>
- 2 Hellastat is the source.
- 3 In 186 cases we make no recommendation. This is the case when the restriction is found to be proportional to the policy objective, or where the restriction stems from harmonised EU legislation. In some cases, the restrictive provision was abolished during the course of the investigation and hence no recommendation was made. All cases are clearly signalled in Annex B.
- 4 These were regulations that do not have a direct bearing on competition; nonetheless, they constitute a burden on businesses and clearly affect the business environment. The OECD is undertaking a joint project with the Greek Ministry of Administrative Reform and e-Government to measure and reduce the administrative burden in 13 sectors. The restrictions identified were passed on to the Greek government.

- 5 Greece's national statistical office, ELSTAT, produces statistics with long lags. To obtain more recent data for the quantification, the project has relied on a commonly used Greek information provider, Hellastat, which compiles data from the financial statements of Greek companies. By definition these are the firms that are required by law to publish their statements and tend to be the larger firms. In other words, this does not capture the full size of each sector. For the retail sector, for instance, ELSTAT did not have expenditure and turnover data beyond 2008 when the project was ongoing.
- 6 Regulation A2-861/2013.
- 7 The OECD has developed a range of indicators of product market regulation at both the economy-wide and sectoral levels. The methodology and the resulting indicators are available online at: <http://www.oecd.org/eco/reform/indicatorsofproductmarketregulationhomepage.htm>
- 8 OECD (2013), Meeting of the Working Party No. 1 of the Economic Policy Committee, ECO/CPE/WP1(2013)14. Please note that the 2013 data are preliminary.
- 9 The reference year is 2008 for all countries. The PMR indicator for Greece for 2013 is preliminary and for purposes of comparability is calculated on the basis of the 2008 methodology. For more details, see the document prepared for discussions at the October 2013 meeting of the Working Party No. 1 of the Economic Policy Committee (ECO/CPE/WP1(2013)14). The document also provides the 2013 indicators with a revised methodology.
- 10 There are two types of truck licences in Greece: private use and public use. Any company can obtain a licence for a truck for private use. The licence for these trucks has to describe the products that are transported. Until recently, private use trucks could not be used to transport products on behalf of third parties. Moreover, the number of licences for trucks for public use was fixed.

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CHAPTER 1

FOOD PROCESSING

Within the food processing sector, regulatory barriers to competition have been identified especially within the dairy and bakery industries. Obstacles are often created by the fact that the legislation frequently provides restrictive definitions of certain food products or their components, or activities which do not take into consideration recent technological developments or the practice in other EU countries. For instance, legislation concerning the shelf-life of milk protects local markets from internal and foreign competition to the detriment of consumer choice and welfare. The *Code of Foodstuffs and Beverages* contains various obsolete provisions that should be removed. A levy is placed on flour, a basic food product, to the detriment of competition. The recommendations will contribute to simplifying the business environment and allow the market to function more freely. Estimates are given on consumer benefits for milk and flour which could reach over EUR 40 million a year.

1.1 Sector overview

Food manufacturing¹ includes activities in which raw agricultural products undergo chemical, mechanical or physical transformation into new products suitable for human or animal consumption. The production process involves various preserving and packaging techniques, such as canning and freezing. The manufacturing sector does not include either agricultural activities, such as producing crops or raising livestock, or food services, such as preparing meals or snacks to customers' order for immediate consumption.

Food processing is one of the largest industries in Greece, generating a gross value added (GVA) of EUR 5.9 billion in 2011. This represents a share of 23% of the manufacturing sector and 3.5% of total GVA across all economic activities in Greece.

About 15 300 companies were active in the sector in 2010, according to the Annual Industrial Survey of ELSTAT. The industry consists mainly of small and medium-sized enterprises, as almost two out of three firms in the sector are sole proprietorships. However, it also features well-known global conglomerates such as Unilever and Nestlé.

About 96 600 individuals were employed in the industry in the third quarter of 2012. This figure represents a share of 27.1% of total employment in manufacturing. Since the third quarter of 2008, about 13 100 jobs have been lost as a result of the economic downturn.

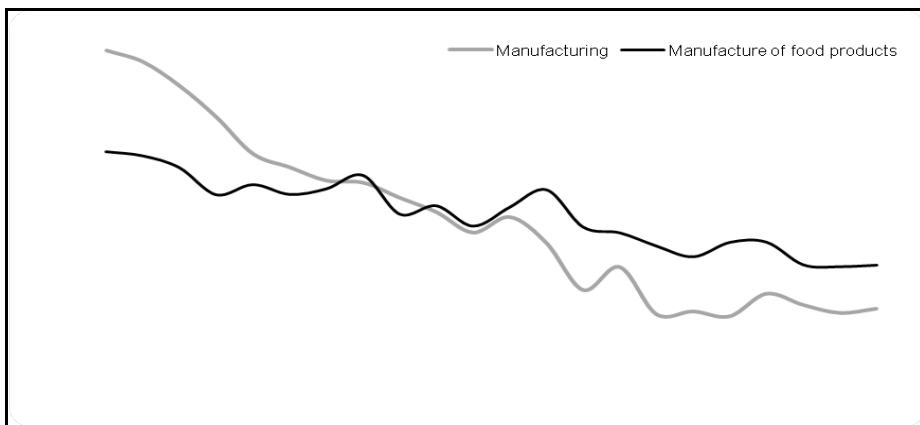
Production has been falling steadily throughout the recession, recording a 2.8% contraction rate per year on average between 2008 and 2012 (Figure 1.1). However, compared to the manufacturing sector as a whole (-7.2% on average), contraction of the sector is weaker. Evidently, during the recession households are less willing to cut their expenditure on food products than on other manufactured goods.

The sector exhibits significant export activity. In the first four months of 2013 exports of food products increased by 4.4% year-on-year, with their value standing at EUR 1.6 billion. This represents 13% of total Greek exports.

Since 2008, food prices have risen faster in Greece than in the Euro area, increasing by 1.6% per year on average (against 1.3% in the Euro area). In 2012 the price level of food products in Greece was higher than the EU average by 3.6%. Milk, cheese and eggs were more expensive than the EU average by 32.4%, with fats and oils more expensive by 23.1%. In contrast, compared with the EU average, fruit and vegetables, and meat were cheaper in Greece by 21.1% and 9% respectively.

However, the depth and length of the Greek recession has started to take its toll on domestic food prices, which increased by only 1.4% in 2012, compared with 2.7% in the Euro area and 2.9% in the European Union overall. Inflation divergence has strengthened further in the current year, as the 12-month moving average of the price index fell to 0.8% in Greece in July 2013, while in the Euro area the food inflation rate increased to 3.0% (3.3% in EU-27).

Figure 1.1. Volume index of production in the manufacture of food products in Greece



Source: Eurostat (2013), Short-Term Business Statistics (database), <http://goo.gl/C9v13> (accessed on 12 September 2013).

Using the methodology outlined in OECD (2011), the OECD examined the legislation on food processing in Greece. The sector is characterised by several framework laws and regulations, together with specific legislation per usage or product. The framework laws and regulations that were examined cover a wide range of provisions on topics such as food safety, distribution of products, establishment and licensing of production facilities and sanitation. Most food processing regulations are based on European legislation, because they either directly implement European regulations or transpose European directives. The OECD also examined specific legislation on food subsectors, such as processing and preserving of meat and production of meat products, processing and preserving of fish, crustaceans and molluscs, processing and preserving of fruits and vegetables, manufacture of vegetable and animal oils and fats, manufacture of dairy products, manufacture of grain mill products, starches and starch products and manufacture of bakery goods and farinaceous products. At the same time, legislation issued by the Ministry of Health on non-categorised food products, such as special nutrition and homogenised food preparations, was also covered.

Based on the review of the legislation, the OECD identified obstacles to competition in the following branches:

- manufacture of bakery and farinaceous products (sector 10.7 in NACE Rev. 2)
- manufacture of dairy products (sector 10.5 in NACE Rev. 2)
- processing and preserving of meat and production of meat products (sector 10.1 in NACE Rev. 2)

The manufacture of baked products, encompassing products such as bread, biscuits, cereals and pastries, is the largest branch in the Greek food processing industry, representing 32.8% of the food sector's GVA. About 63.5% of the companies in the sector, or approximately 9 700 firms, are categorised as manufacturers of baked products. Between 2008 and 2012, the volume of production contracted by 3.6% on an annual basis. During the same period the level of employment contracted by 11.8% overall. In the third quarter of 2012, the total number of employees in this branch was approximately 41 300, representing 42.8% of the workers employed in the food processing industry. The prices of bread and cereals were higher by 15.3% in Greece in 2012 compared with the EU average. Still, unlike the overall food category, the prices of bread and cereals have been falling since March 2013, with the 12-month moving average indicating a 1.5% deflation in July 2013.

The dairy industry, with milk, cheese, yogurt and butter as its main products, constitutes the second largest branch in terms of GVA in the food processing industry. Its GVA share was approximately 16.9% in 2010 (or EUR 672 million in absolute terms). The index tracking the production volume of dairy products has fallen at a similar rate as that of bakeries during the recession (-3.3% on average between 2008 and 2012). About 840 firms were operating in the sector in 2010. Even though the share of companies is lower (5.5%) compared with other subsectors in the food processing industry, five of the top ten food companies in Greece (in terms of turnover in 2011) come from the dairy industry. The level of employment in the dairy industry reached about 11 300 in the third quarter of 2012, higher by 1 300 year-on-year, yet not sufficiently high to reach their level from the third quarter of 2010 (about 14 000 jobs). The price of milk, cheese and eggs in Greece has been significantly higher than the EU average (32.4% in 2012), while over the past few years and months it has followed a trend similar to that of the overall food category (1.0% 12-month moving average rate of change).

Meat production ranks third among the food industry branches, with a GVA of EUR 376 million in 2010. In 2012, the index tracking the volume of production fell by 6.5% year-on-year, interrupting a period of strong growth between 2007 and 2011. In terms of employment, the meat processing industry outperformed the food-processing sector as a whole; despite the recession, the number of employees increased to about 10 400 in the third quarter of 2012 from about 6 200 in the corresponding quarter of 2008. The price of meat has not diverged significantly from the overall food industry over the years; however in the current year prices have grown somewhat stronger, recording annualised inflation of 1.2% in July 2013 (compared with 0.8% inflation of food prices overall).

The restrictions identified in these branches and the harm to competition created by these restrictions are presented in more detail in the remainder of this chapter.

1.2 Milk and other dairy products

1.2.1 Milk

1.2.1.1 Restrictions in the regulation of “fresh” milk

The relevant piece of legislation that regulates the maximum shelf-life of pasteurised (or fresh) milk in Greece is Presidential Decree 113/1999 on Veterinary and hygiene check of milk, which determines that the shelf-life of pasteurised (fresh) milk cannot exceed five (5) days. This type of restriction is a strict deviation from standard EU practices, resulting from relevant European legislation, which potentially harms competition in the relevant market to a considerable degree. More specifically, this provision shields the market from imports, leads to high and increasing retail prices, creates an inefficient and costly system of returns and results in a lack of consumer choice. Moreover, most remote areas of Greece do not have access to “fresh” milk and small producers in the north of Greece cannot reach large urban markets.

The Greek regulation² identifies two types of pasteurisation procedures. The first is “pasteurisation” at lower temperatures, where the shelf-life is defined at maximum five (5) days and is considered to be equivalent to “fresh”³ milk, a term which may be used on the packaging of the final product. The second is “high pasteurised” milk processed at higher temperatures where the maximum shelf-life is at the discretion of the manufacturer and the word “fresh” may not be used on the packaging of the product.

Relevant EU legislation takes a more liberal approach regarding the definition of pasteurised milk. More specifically, according to European Regulation 852/2004, it is up to the manufacturer to

guarantee the safety of the product and specify the date of minimum durability up to which the product – milk in this case – may be consumed. European Regulation 853/2004 also defines two types of non-condensed milk: (a) “pasteurised”, which is processed either at low or high temperatures in a time-temperature combination that produces an equivalent effect and is held under chilled conditions at points of sale and (b) “ultra high temperature” (UHT) which is processed at higher temperatures and needs not be refrigerated.⁴

One clear difference between Greek and EU regulation is that there is no provision in the EU for the term “fresh” to be used on the label of the final product, only pasteurised milk; the maximum shelf-life⁵ is left to the discretion of the manufacturers provided that they respect all relevant regulations regarding the safety of the product. This particularity of the Greek legislation has led to Greece being the only EU country that regulates pasteurised milk in this manner (five-day shelf-life for “fresh” milk and use of the term “high pasteurised milk” (highly pasteurised milk⁶) for all other procedures that have a longer shelf-life).⁷ Furthermore, this particularly restrictive framework fails to take into account any progress in pasteurisation technology. In general, for the vast majority of food products, both in Greece and in the rest of the EU, it is usually left to the discretion of the manufacturer to set the best-before or use-by date. This is no different in Greece, including for dairy products, with the sole exception of “fresh” milk.

1.2.1.2 Objective of the law

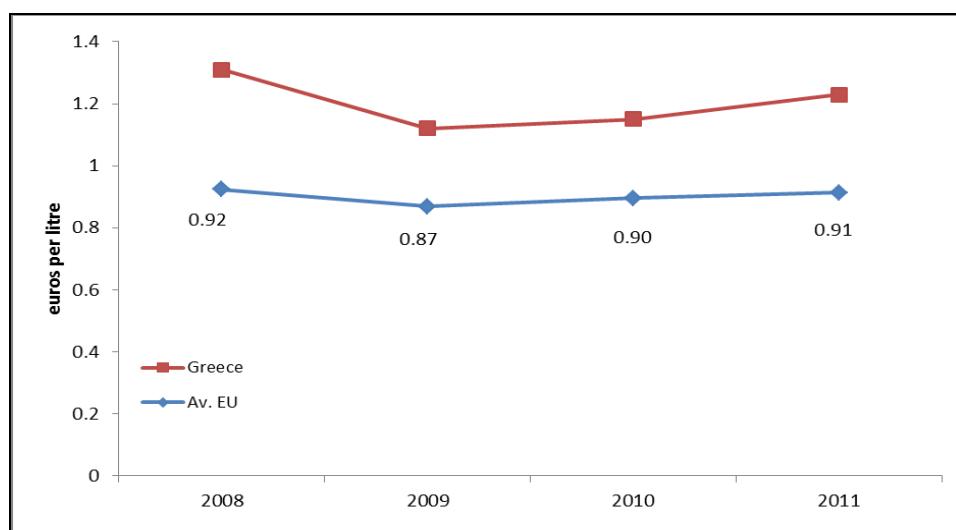
According to the recital of Presidential Decree 113/1999, the objective of this provision is to update the legislation and to bring it into line with scientific and technological developments in favour of public health.

1.2.1.3 Harm to competition

- A brief analysis of the market for pasteurised milk

“Fresh” milk in Greece is more expensive compared with other EU countries. Figure 1.2 shows the price evolution of one litre (L) of “fresh”, pasteurised, full-fat milk in Greece and the EU.

Figure 1.2. Prices for 1 litre of pasteurised milk - Greece vs. EU average (2008-11)



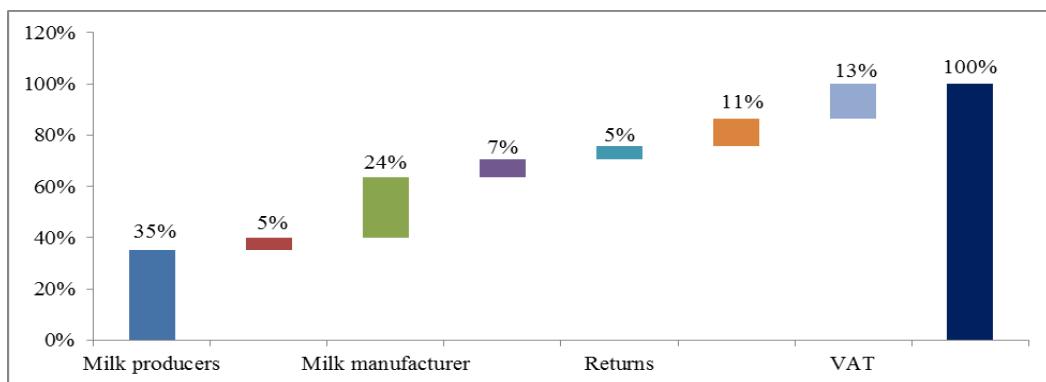
Note: Price of 1 litre of fresh pasteurised full-fat milk.

Source: Consumer Price Research, European Commission.

The comparison in Figure 1.2 is made between the five day “fresh” pasteurised milk in Greece and the closest equivalent product in other EU countries where, due to the lack of a restricting framework, the average shelf-life is longer, averaging around ten to eleven days. Two observations are clear from this chart. First, retail prices in Greece are considerably higher than the average price across the EU (34% higher prices on average). Second, despite the deep recession in Greece since 2009, the average price of milk rose from EUR 1.12 in 2009 to EUR 1.23 in 2011 (which is the most recent year for which data on prices were available). In fact, according to the same data, Greece is one of the most expensive countries in the EU (in 2011 prices varied from EUR 0.65 in the Netherlands to EUR 1.46 in Italy), making Italy, Cyprus, Switzerland and Luxembourg the only countries with higher prices for one litre of “fresh” pasteurised milk than Greece.

According to OECD research, the retail price of 1 litre (L) of pasteurised milk can be broken down into the components depicted in Figure 1.3.

Figure 1.3. Cost breakdown of the price of 1 litre of pasteurised milk – Greece



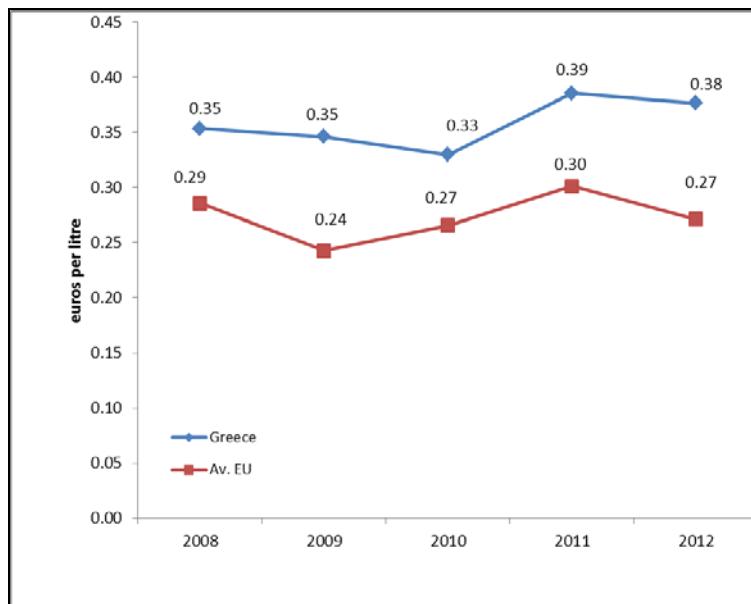
Source: OECD research and *Ta Nea*, 16/10/2012, “Life expectancy increases in fresh milk”.

Figure 1.3 shows that 35% of the retail price is the cost of raw milk paid to farmers, 24% is the industry profit margin, 11% is the retailers’ profit margin and 17% is all costs related to logistics (excluding VAT). From this last figure, approximately 5% of the cost of the final product is due to returns of expired products. The limited expiration window means that unsold milk is returned from supermarkets and other retailers to the milk producers. This is an inefficient and costly system that increases the cost of milk in Greece compare to any other EU country.

Looking at the production side, Figure 1.4 gives the evolution of farm-gate prices in Greece and in the EU from 2008 to 2012. Farm-gate prices in the EU for 2012 vary from EUR 0.22 in Lithuania to EUR 0.44 in Cyprus. Greece is the second most expensive country in the EU with EUR 0.38, where the EU average price is about 30% lower at EUR 0.27. The high retail price of milk in Greece is a direct consequence of the high prices paid to Greek producers,⁸ since the five-day regulation makes imports next to impossible. As a result, all “fresh” pasteurised milk products available in the Greek market are made from Greek-produced milk.

Greece has not only very high retail and producer prices, but also the difference between the two is increasing and in Greece is approximately 35% greater than the EU average. Therefore, the high retail prices of pasteurised milk in Greece cannot be attributed solely to the higher producer prices, but also seem to arise from high mark-ups at the industry and retail level.

Figure 1.4. Farm-gate prices for 1 litre of raw cow's milk - Greece vs. EU average (2008-2012)



Source: DG Agriculture, OECD, DG Agriculture, European Commission.

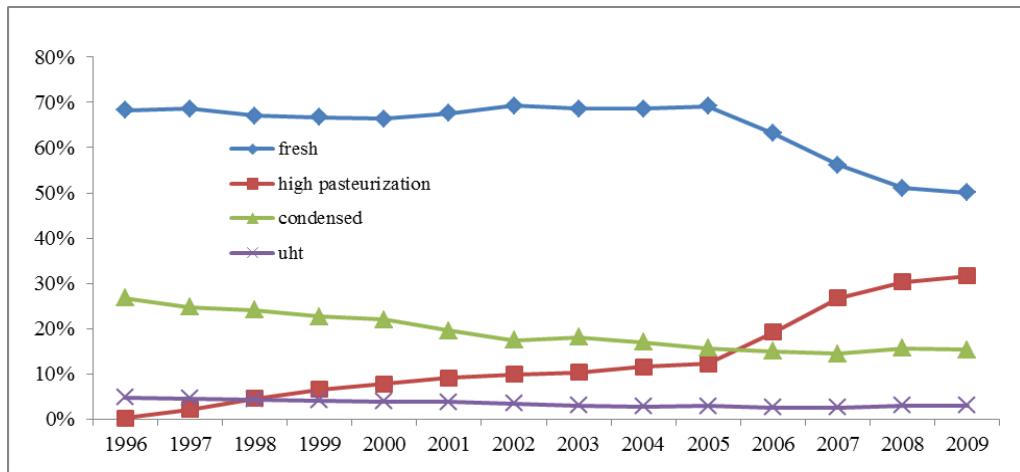
On the retail level four types of drinking milk may be found in the Greek market:

1. fresh (pasteurised) milk with a maximum shelf-life of five days,
2. high-pasteurised milk (longer shelf-life, a term unique to Greece),
3. ultra high temperature (UHT) milk, and
4. condensed milk.

The last two have a very long shelf-life and should not be refrigerated. It should be noted that according to EU law and standard market practice in all other EU countries, both the "fresh" and the "high pasteurised" types would consist of a single category and any differences would be reflected only in the shelf-life printed on the product packaging. Figure 1.5 gives the market shares of all milk categories from 1996 to 2009.

Up until the 1990s the Greek market was dominated by "fresh"⁹ pasteurised and condensed milk. The UHT type never actually caught on in Greece and still today its share is negligible compared to its penetration in other EU countries. The evolution of the market share of "high pasteurised" milk is more interesting. Up until 2005 its market share was characterised by a gradual increase and since then by rapid growth (accounting now for nearly 30% of the market) as more products were developed and more advertising expenditure¹⁰ was directed towards the "high pasteurised" category.

Figure 1.5. Market shares by milk category



Source: ICAP Group, sectoral study: "Dairy products", Athens, 2013.

Another important change in the retail market of milk has been the strong increase in market share of private label (PL) products. Private label products are offered by large supermarket chains for all types of milk and have reached a market share of about 13% in 2011. All PL "fresh" pasteurised milk brands use Greek milk, whereas most "high pasteurised" products use imported milk.

To assess the retail market of milk in Greece in more detail we used the e-prices¹¹ market data collected by the Greek Ministry of Development and Competitiveness to compare the price distribution between the "fresh" pasteurised and the "high pasteurised" types. Table 1.1 presents this comparison using detailed product-level data from 2010-12.

Table 1.1. e-Prices – price per litre

	mean	median	min	max	sd
Fresh milk (overall)	1.20	1.15	0.75	1.58	0.20
Private label fresh milk	0.85	0.86	0.77	1.02	0.05
Branded fresh milk	1.22	1.18	0.75	1.58	0.18
High pasteurised (overall)	1.38	1.46	0.72	2.35	0.21
Private label high pasteurised	0.86	0.87	0.72	0.94	0.05
Branded high pasteurised	1.42	1.47	0.79	2.35	0.15

Note: sd = standard deviation

Source: E-prices, Greek Ministry of Development and Competitiveness: <http://www.e-prices.gr>

"High pasteurised" milk is on average more expensive than five-day "fresh" milk. Consumers value the duration of milk and are prepared to pay a higher price in order to save on waste when their consumption is not as high as required to consume the five-day "fresh" milk.¹² It is also interesting to note that at the left tail of both distributions lie the private label products which seem to have similar prices despite the fact that the "fresh" uses Greek milk whereas the "high pasteurisation" mainly uses imported milk. In both cases the branded products are more expensive and with a higher price variance. These differences can be attributed to different brand name market power across producers and (only for the case of high pasteurised milk) to the variety of branded products on offer. It is worth

noting that although PL “high pasteurised” products mainly use imported milk, the vast majority of branded products in that category use Greek milk.

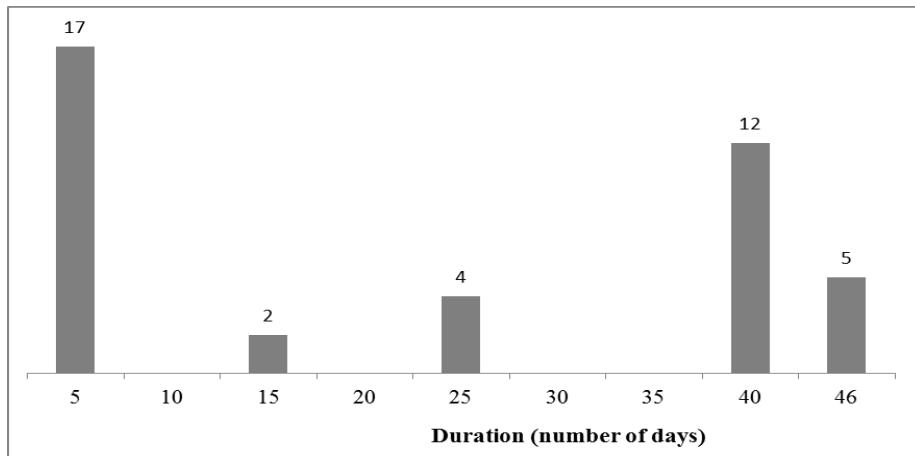
Three reasons have been given to explain the high and increasing prices of “fresh” milk. The first is the high price of raw inputs. Although this is certainly true, it does not account for the increasing difference between retail and farm-gate prices that are shown in Figure 1.5. Nor does it explain why the industries did not choose to import cheaper raw milk for their “high pasteurised” branded products. The second reason is the high cost of collection and distribution. The Greek landscape, with a mountainous mainland and its numerous small islands, creates additional costs for the logistics of the industry. This fact, combined with the inefficient system of returns of expired products due to the short life of “fresh” milk, may provide a good reason for the difference in retail prices in Greece compared to the EU average. Finally, regarding price differentials between PL and branded products, a common explanation given by industry experts is the cost of advertising of branded products. According to information provided by Media Services SA, between 2007 and 2012 total milk advertising expenditure fell about 50%. Therefore, it is hard to explain price differentials between PL and branded products based solely on advertising costs without taking into consideration brand market power.

- Identifying the harm to competition

The restrictive Greek regime for the shelf-life of fresh milk harms competition in the market and accordingly harms Greek consumers.

1. Because of its short shelf-life, raw milk imports are excluded from use as input into local production of final products in the Greek market. This protective environment means that there is limited competitive pressure at all stages of production and hence this does not provide enough incentives for new investments that would lead to higher cost efficiency at the farm and manufacturer level. The result of this restrictive environment is inefficient and expensive production leading to high farm-gate prices and a protected industry that drives retail prices upwards even over the last three years when the economy has been in deep recession.
2. Additionally, the retailers and importing companies cannot import final products for consumption, since the five-day regulation does not leave sufficient time to distribute and sell the milk within the allowed shelf-life, again easing competitive pressure in the whole market.
3. Such a restrictive regulation also distorts product availability and as a result harms consumer choice. The distinction in Greece between “fresh” and “high pasteurised” milk has led the dairy industry to follow maximum differentiation of supplied products. As shown in Figure 1.6 there are no products between the five and the 15-day day duration, while the majority of products lie at both ends of the distribution. More precisely, 17 products have a shelf-life of five days; another 17 have a shelf-life that exceeds the 40-day threshold and only six products lie in between. Hence, the market exhibits big gaps and offers limited consumer choice. In addition, this maximum differentiation strategy relaxes price competition among these two product categories, which also harms consumers.

Figure 1.6. Number of products supplied based on their shelf-life duration



Source: based on OECD research.

4. Restrictions in consumer choice are experienced more intensely by consumers living on many Greek islands and in remote mountain villages. The five-day restriction and the subsequent gaps in the market supply described above meant that “fresh” milk is not an option for many people residing in those areas. The short expiration window and the subsequent inefficiencies connected to the logistics of the products mean simply that there is just not enough time for “fresh” milk to reach these areas. This limits even more the choice of these particular consumers.
5. In addition, on the supply side, the restrictive five-day regulation discourages small producers from collectively developing and marketing new products. Most Greek producers operate in northern Greece and five days is not sufficient time for them to reach large urban markets, and Athens in particular. A longer shelf-life would allow smaller producers to reach these attractive markets and create an alternative channel of supply. This would benefit both the producers (higher profit margins by reaching more retail markets) and consumers (lower prices, greater product variety).
6. The five-day restriction creates an inefficient and costly system of collecting and returning expired products which amounts to 5% of the final retail price of “fresh” pasteurised milk. Combined with even more inefficiencies in connection with the transport, storage and high frequency of orders placed by the retailers to the industry as a result of the short shelf-life, means a combined logistics cost of almost 17% of the final retail price. It has been argued by various sources in the dairy industry that this number could be lower, thus leading to lower prices, if the duration of the “fresh” pasteurised milk were longer or set by the manufacturer and not assigned by the state.

- Recommendations and benefits

The restriction posed by the five-day regulation on “fresh” pasteurised milk is not justified by the objective of the law (see Section 5.2.1.2). This provision creates an unreasonable restriction, which is not proportional to the state’s policies and, from the general statement mentioned in the recital of Presidential Decree 113/1999, it seems impossible to identify any particular reason why it should be imperative to set a more restrictive framework in relation to the relevant EU regulation in terms of public health. Additionally, it is easy to argue that if the objective is to update the legislation in view

of scientific and technological developments, then this would be achieved more efficiently by the harmonisation of Greek legislation with the European one, where the manufacturer is responsible for setting the maximum shelf-life of pasteurised milk.

In view of the harm done to competition by the five-day regulation and the fact that this harm is not justified by the objective of the law, the OECD proposes removing the regulation that imposes a particular use-by date and harmonising Greek legislation with the European one, where the manufacturer is responsible for setting the maximum shelf-life of pasteurised milk. This would take into account the latest technological developments on the one hand and all the relevant EU legislation regarding food safety and quality on the other. The law should not impose a particular pasteurisation procedure but should instead enforce clear labelling on the product package indicating the production and expiration day. In other words, following EU law, products will be labelled as “pasteurised milk” and their duration, reflecting the pasteurisation process followed, will be marked clearly on the label of the product. This simple and clear regulation will have the following advantages:

- The drop of the five-day threshold will provide sufficient time for the industry to import milk from other, cheaper EU countries, thus lowering the cost of raw materials.
- Significant cost savings can be achieved by reducing returns of expired products from retailers to manufacturers.
- Given the opening of the Greek market to imports, local farmers will face competition from abroad. In order to stay competitive they will need to increase their productivity by reallocating resources, investing in new technology and human capital and forming new business strategies.
- Small farmers will have enough time to reach the attractive urban markets of large cities. This development will provide incentives to collectively develop and market new products and create an alternative supply channel to that of the well-established dairy industries.
- Retailers will also be able to import cheaper final products from abroad, thus adding more competitive pressure to the market.
- Pasteurised milk will become available in the most remote areas of Greece which are presently impossible to reach due to the restrictive five-day framework.
- There will be only one type of pasteurised milk and products will differ according to their duration. The term “fresh” will cease to be an element of confusion among consumers regarding the product’s quality.
- More competition will lead to lower consumer prices and to a wider variety of products supplied to consumers.

On the negative side, intensifying competition will make it very hard for inefficient small local farms to operate under their current business model and one would expect that some of them will either be bought by larger farms or that they will form co-operatives that will allow them to achieve economies of scale. It is not possible to forecast the magnitude of this reallocation since it will depend on how much local production is substituted by imports. However, the current situation in the market of “high pasteurisation” milk, where no restrictive regulation exists and imports are feasible, suggests that only a part of local production will be substituted by imports, especially for cheaper PL products, and that the demand for Greek milk will remain strong for branded products.

In conclusion, the aggregate outcome of the proposed deregulation will no doubt be favourable for the consumer. According to the analysis presented here, there will be an impact on retail prices stemming from three different channels:

- a) In the short-run, one expects to see cost reductions due to fewer product returns (up to 5% of the retail price – see Figure 1.3).
- b) At a second stage, the cost reduction stemming from substituting a fraction of locally produced milk with cheaper imported milk (up to 30%, depending on the percentage of substitution between locally produced milk and imports – see Figure 1.3).
- c) In the long run shelf-life duration is expected to rise. At this point two opposing mechanisms will affect prices:
 - a. From the demand side: consumers value duration and are ready to pay more for increased shelf-life (positive pressure on prices).¹³
 - b. From the supply side: increasing competition due to deregulation and cost reduction (negative pressure on prices).

There is a strong indication that in the long run the overall effect on prices would be negative due to the deregulation. However, it is difficult to predict with precision how much prices will fall as it depends on factors related to both the demand and supply sides and the bargaining power of various market players. As Table 1.1 shows, a limited price increase is attributed to duration (no differences in price for PL products; for branded products there is a 15% increase). On the other hand, brand power (which is expected to be restricted due to competition) amounts to EUR 0.37 (the price difference between PL and branded products – a 44% potential price decrease) for “fresh” milk and EUR 0.56 (a 65% potential price decrease) for “high pasteurised” milk.

Given this information, we have assessed the impact on consumer welfare of a retail price decrease. This estimate is not derived from a full cost-benefit analysis and, in particular, it does not take account of the potential negative effects on the producers’ side. Assuming a conservative overall effect of a price decrease in the order of 10% of average retail prices and given that the size of the market is around EUR 310 million¹⁴ per year, then consumer benefit will be approximately EUR 33 million per year.¹⁵

1.2.2 Other dairy products

1.2.2.1 Definitions of dairy products in the Code of Foodstuffs and Beverages

- **Description of the restrictions**

Chapter IX of the *Code of Foodstuffs and Beverages*¹⁶ describes the regulations regarding dairy products, eggs and the products derived from them. The chapter lists certain definitions for some dairy products and sets out the necessary regulations that ensure the quality of the product. The chapter also includes, among others, the definition of “yoghurt” (article 82), *rizogalo*, a Greek rice pudding, and “cream”, a Greek traditional dessert (article 84).

According to the definition of yoghurt,¹⁷ only raw milk can be used and milk proteins are not allowed; in case of additions of ingredients to the defined dessert, the product should be called dessert of milk or dessert of yoghurt, which is common in practice.

Moreover, according to the definitions of *rizogalo*¹⁸ and “dessert cream”,¹⁹ only raw, pasteurised or not, full fat milk can be used, with a fat content of 3% and 4% respectively. In case of modifications to the specified definition (and hence recipe) the product should be labelled a “milk dessert”.

Finally, skimmed milk²⁰ cannot be used for the production of *rizogalo* and “dessert cream”.

- Objective of the provisions

There seems to be no official or specific rationale for the exact definition of yoghurt. The policy maker’s purpose is likely to differentiate the composition of yoghurt and promote a dairy product with a Greek-style production method. The policy maker also defines “yoghurt” in a way that distinguishes it from similar products that contain sugar, milk protein and fruits or use another type of milk apart from raw milk as a first material.

With reference to the definitions of *rizogalo* and cream, similarly, the policy maker intends to define those desserts that are produced only using certain types of full fat milk, in order to prevent misleading practices – for instance if the consumer expects that the product has been made according to traditional production methods or a traditional recipe.

- Harm to competition

Yoghurt – The definition of yoghurt appears to be very narrow.²¹ Other technical methods that are broadly used (e.g. use of protein milk as an additive) cannot be added to the strictly defined recipe, even if they are necessary due to the progress of technology. In case of modification of the specific recipe, the product also cannot be called “yoghurt” and instead must be labelled as “dessert of yoghurt”. Because yoghurt resonates in the mind of the consumer as a key element of health nutrition, this labelling may decrease the product’s nutritional value in the consumer’s perception as it then appears to be a dessert rather than a healthy dairy product. Finally, the narrow definition does not allow for other types of milk to be used (e.g. pasteurised/high pasteurised milk, and so on). Other scientific definitions that are generally accepted, for example the one included in the *Codex Alimentarius* (CODEX STAN 243-2003²²), provide broader limits and give more flexibility to the producer. That is, the definition explicitly allows protein of milk of a minimum of 2.7% m/m (mass per cent) and does not refer to any specific type of milk. Consequently, the definition as it stands restricts the variety of products and therefore consumer choice. In addition, new firms in the market that produce similar products, but with the addition of milk protein, cannot use the term and hence cannot enter the yoghurt market although their product may be a near-perfect substitute. Consequently, due to the narrow definition of yoghurt in Greek legislation, there may be a lack of potential competitors in this specific market. This may reduce price competition and hence lead to a loss of consumer welfare.

Rizogalo and dessert cream - Similarly, the definitions of *rizogalo* and “(dessert) cream” appear narrow, given that technological developments allow for the use of low-fat milk or other types of milk, other than those indicated by the law, to meet consumer demand for healthier alternative options. This narrow definition affects the variety of products, thus limiting consumer choice. In addition, it creates uncertainties for the suppliers or new

entrants who would like to enter the market and invest in a new product, for instance low-fat alternatives to traditional desserts.

- Recommendations and benefits

A general recommendation to cover both restrictions, as well as all the definitions of the *Code of Foodstuffs and Beverages*, would be to replace the legislative procedure which issues a Ministerial Decision by a Code of Best Practices. This Code of Best Practices could be issued from the competent authority with the participation of food industries in order to create a fair and flexible framework with general guidelines for the producers. Such a code could include definitions of food products that enhance the Greek character or quality of products or provide greater flexibility to adjust more quickly to new developments in the food processing sector, both in technology and in product development. It will be much easier to amend a more flexible Code of Best Practices, compared to the current procedure (decision of the Supreme Chemical Council, new ministerial decision) which usually leads to inactive and obsolete provisions (see below Chapter 1.4 *Code of Foodstuffs and Beverages*).

With reference to the definition of yoghurt, the preparation of a Code of Best Practices, preferably by the competent authority in co-operation with market stakeholders, could indicate the need for a revised and relaxed definition, *i.e.* in order to a) include any type of milk (*e.g.* pasteurised) for the production of yoghurt and b) include new technologies and production methods (*e.g.* allowing milk protein to be used, provided maximum levels are set). In such a process, the preparation of a new definition could take into consideration the presence of Greek-style yoghurt in the market, which plays an important role abroad. It could thus enhance both the quality and uniqueness of Greek yoghurt. Of course, clear labelling will be essential in compliance with European and national legislation in force. By updating the definition of yoghurt, the variety of products will be enhanced (*i.e.* their varied composition – different products enter the market) and industries will be able to use new technologies and ingredients to improve their products.

We recommend the following options in defining *rizogalo* and “(dessert) cream”:

Option 1: the definition should allow for more flexibility, in terms of fat content (less than 3% or 4%) and the milk that can be used for their production. With this option, new products could be marketed that meet consumers’ demands for low-fat food; thus the variety of products increases.

Option 2: The definition remains the same and can be additionally labelled as “original recipe” but other products, which do not meet the specific requirements of the narrow definition, can also be labelled *rizogalo* and “(dessert) cream”, but with the possible added descriptive of “low-fat” or similar. With this option, the policy maker maintains the original recipe of these products and rewards it with the additional label but also allows other products (with different composition) to enter the market.

1.2.2.2 *Other provisions regarding dairy products*

- Description of the restrictions, objective, harm to competition and recommendation

During the study of the relevant legislation on dairy products, several provisions were identified that are typically in force but inactive and not implemented in practice. These provisions had been regulated, as they serve old purposes or were issued for reasons that no longer exist.

The provisions identified are: the obligation of article 83 (par. C 3.1) of the *Code*, that a plate containing a variety of cheeses cannot include products of different origin; the provision of article 83 (par. C 4) that the commercial brand name of cheese should be totally different from the established brand names for Greek traditional cheeses. The official recital of these provisions has not been identified; however both provisions are old and probably issued in order to prevent misleading practices and protect consumers. In practice, such restrictions are inactive and from a legal point of view, the horizontal provisions of European Directive 2000/13 (and the forthcoming enactment on December 2014 of European Regulation 1169/2011) for food labelling, apply according to the principle of the primacy of EU legislation. In this perspective, **these provisions are obsolete, create legal uncertainty and therefore should be explicitly repealed.**

Another obsolete regulation, without a clear objective, is the provision of article 80, par. 3 of the *Code* that allows only one type of milk mixture, containing 50% sheep milk and 50% goat milk. This provision may derive from the past, when primarily goat and sheep milk was consumed, in order to determine the optimum mixture and prevent fraud. However, this provision not only seems obsolete in view of modern consumer habits, but also limits the variety of products available to consumers. **This article which allows only one type of milk mixture should be explicitly repealed.**

Finally, a very old blanket provision has been identified in Law 248/1914 on Pasteurised milk and other issues, article 21. This provision gives the power to the Minister of Agriculture to oblige a factory to produce only pasteurised milk when there is no other factory in the region. The official recital of the article has not been identified; however it was most probably issued in order to ensure an adequate supply of milk, possibly at a time when transportation across regions was more difficult and more expensive. The provision is inactive and obsolete and creates legal uncertainties; moreover, given that it is still in force, this regulation grants discretionary powers to the Minister of Agriculture that result in regulatory uncertainty for suppliers. If ever applied, the provision is likely to distort competition as it constrains the product mix of specific suppliers and consequently affects their costs. **Therefore, we recommend that the provision obliging a factory to produce only pasteurised milk should be explicitly repealed.**

1.3 Bakeries

1.3.1 *Restrictions identified for the bakery sector*

- Description of the restriction and objective

The framework Law 3526/2007²³ for bakeries (bakery legislation), determines what a bakery is in terms of installation.²⁴ The criterion of a "bakery" compared to a "bread point of sale" is that the first completes the cycle of the production within the store, *i.e.* from the selection and use of the raw material (raw dough) until the final completion of the product. A bread point of sale is the point of sale of bread and baked goods; a part of the production can be completed at the point of sale as well (*i.e.* the final baking). The law also determines²⁵ that only the natural person or legal entity that is involved in the total process (intervenes in the whole cycle), *i.e.* the selection of the raw material, the kneading of the dough, the baking of the product, is allowed to use the term "baker" and the commercial use of discretionary titles such as "baker", "bakery" or "oven".

The official recital states that the legislation aims to ensure that the relevant traditional activities are maintained/preserved while ensuring that consumers are not misled.

- Harm to competition

The strict definition of “baker” or “bakery” is not clear to consumers. In addition, it appears that the legal restriction favours traditional or craft bakeries although both bread points of sale and bakeries produce similar products and consumers perceive them to be identical (see below). Consequently, this definition artificially segments the market and limits competition by imposing restrictions on some competitors’ ability to market themselves as bakers.

- Recommendations and benefits

Consumers do not seem to understand the difference between a bakery and a bread point of sale. Market research²⁶ shows, for example, that the majority of consumers cannot distinguish a frozen product from a fresh one; this means that consumers do not seem to understand the difference between a bakery and a bread point of sale (in terms of production). In fact, the process of baking the dough and making it into the final product (*e.g.* bread, baked goods) is the same, regardless of whether it is produced by a bakery or a bread point of sale.

Therefore, **this provision should be changed and the specified definition should be abolished**. Marketing choices could be used instead. For instance, bakeries could highlight that the whole bread production takes place within the same store (using a sign saying “kneaded and baked in store”) or market their fresh products using the term “fresh” that is already defined in the same law. Finally, the definition can be abolished without creating legal issues regarding licensing (*i.e.* the industrial distinction remains when production takes place). However, **points of sale with no facilities for making bread**, that is, with no baking installations, **should not be called bakers/bakeries and this should be specified in the regulation**.

The benefit from abolishing the definition would be the enhancement of competition by creating quality differentiations and by offering a broader choice to consumers.

1.3.2 Specified weights for bread and baked goods

- Description of the restriction and its objective

The law determines that only certain types of weight for bread and products from bread (“baked goods”) can be sold to the final consumer. Specifically, article 10 (par. 3, 4 and 5) determines that bread can only be sold in weights of 500 g, 1 000 g, 1 500 g and 2 000 g, and baked goods in packages of 250 g, 350 g, 500 g, 750 g and 1 000 g. Finally, the minimum weight of a traditional Greek bread roll, *koulouri*, is defined as 40 g.

There is no official recital for this particular provision. However, it seems that the objective of the provision is to protect consumers from buying below the specified quantities or to facilitate price comparisons between homogenous products.

- Harm to competition

Investigation of the market has indicated that the specific weight cannot be determined in advance and there is a risk that the final product may be below the legally defined weight. Furthermore, the rigid definition of weight leads to waste and restricts product variety without ensuring consumer protection.

Specified weights limit the ability of stores to freely choose which product will be more successful according to market demand. Due to the current economic situation, it is also more likely that consumers would like to buy smaller quantities for a lower price than buying the standard size of bread (*e.g.* 500 g or 350 g) and not consume all of it. It is noteworthy that, according to market research, 81.2% of households consume up to 500 g of bread daily²⁷ and hence it is expected that if consumers have the opportunity and a broader choice to buy less then they most probably will.

A similar deregulation took place in 2010 in the UK, where two outdated provisions (Bread Acts of 1822 and 1836) obliged bakers and retailers to sell unwrapped loaves in 400 g or multipliers thereof. Box 1.1 below shows what the UK government took into account when it decided to deregulate the specified weight of the bread loaf.

Box 1.1. Specific weights of bread loaf – an example from the UK

Story of the regulation

- The UK government, prompted by the European Directive 2007/45 which set new standards on nominal weights and measurements of pre-packaged products, reviewed all the regulated quantities.
- The UK government reviewed the specified quantities for non-pre-packaged products in order to ensure that they remained appropriate and continued to protect consumers without any unnecessary burdens on business.

Assessment

- Legislation in this area [*is*] aimed at protecting consumers from short measure and ensuring that they have sufficient information on quantity to enable them to make informed purchasing decisions.²⁸
- The UK government examined the regulation under a public consultation and proceeded with the relevant impact assessment.²⁹
- With respect to competition assessment³⁰ the UK government mentioned that proposals were expected to have a positive impact on competition among businesses for several reasons: (a) there is no disproportionate effect on any part of the market so there should be no resultant distortion of competition; (b) deregulation of unwrapped bread brings it in line with pre-packed bread thus removing any potential competitive disadvantage between the markets for each; (c) the market may be further stimulated by the entry into the market of new enterprises wishing to innovate in particular in the bread or wine sample sector unfettered by specified quantities.

UK abolished the regulation

- The UK government abolished the provision claiming that this deregulation may produce benefits to businesses as they would be able to innovate in introducing new products and new sizes to meet demand from consumers.

Source: www.legislation.gov.uk/uksi/2011/2331/contents/made

- Recommendations and benefits

A provision to label bread and baked goods with a clear indication of the price per kilogram (price/kg) will provide all the essential protection to consumers and at the same time allow them to compare prices across products. As an additional option, products that are

commonly sold by unit could display the unit price as a secondary indication; price/kg should however be indicated as well. These options can be implemented during a transitional period in order to help consumers at the beginning of deregulation.

The benefit of deregulating the weight of bread and baked goods while enforcing strict labelling of the price/kg is likely to create broader scope for bakeries to compete and choose the best size of their products in response to demand from their customers. In addition, opportunities for new businesses or products and hence for innovation will be created and product differentiation and variety will be enhanced. By displaying clearly the price/kg, consumer protection will be strengthened.

1.3.3 *Operation of bread points of sale*

- **Description of the restriction and objective**

Article 4, par. 1 of Law 3526/2007 determines the establishment of bread points of sale, whether they operate as independent installations or not.³¹ According to the regulation, bread points of sale are not allowed to operate in butcheries, fishmongers, poultry stores, kiosks or convenience stores. This provision creates two types of restriction: a) it exempts normal food stores from selling bread, and b) it excludes non-food stores from selling bread.

The official recital mentions that the objective of this restriction is consumer protection (health and safety).

- **Harm to competition**

This regulation limits the possibility of selling bread, and hence limits the number of suppliers of bread. This clearly restricts competition. Moreover, these restrictions discourage new multi-food or similar businesses from entering this market and hence prevent competition that would otherwise provide better services and more competitive prices. For example, a delicatessen butchery could sell or make sandwiches without this restriction, allowing for one-stop lunch shopping.

International experience indicates that there is no such restriction in the rest of Europe. In Italy for example, the law³² allows bread to be sold in butcheries and fishmongers, provided that the shop complies with the relevant health and safety regulations. These may include, for instance, the requirement for a separate work area where bread is handled. In the event that it is not possible to set up a separate work area, an area for the exclusive handling of bread should be identified at the main counter.

- **Recommendations and benefits**

Currently, Greek legislation specifies that any bread point of sale operator would – in any case – need to obtain a licence in order to sell bread, after having proved that the store fulfils all health and safety requirements. In other words, the policy objective is achieved without such a restriction. Moreover, if we assume that the policy maker tried to prevent cross-contamination of food products, the restriction does not seem proportionate to all cases; for example, a convenience store is not likely to present such a risk when selling regular products and other fast-moving consumer goods (FMCGs). Finally, the same argument arises for the restriction of not allowing bread points of sale to operate within a non-food store. A bread point of sale will need a licence to start a business and hence all safety requirements

will be checked. Therefore, a bread point of sale can operate within any store even if it is not separate and independent. The interested business should then create the necessary and safe environment (*e.g.* establishing ISO 22000) to sell bread (as any other type of food) and it should be allowed to do so regardless of its nature.

The recommendations are a) to abolish the exemption of not allowing bread points of sale to operate in butcheries, fishmongers, poultry stores, kiosks and convenience stores; and b) to allow bread to be sold in non-food stores. The abolishment of the restrictions may lead to more suppliers and hence more points of sale in the market, leading to a broader choice for consumers (*e.g.* a butcher sells bread for the convenience of customers).

1.3.4 *Levy on flour*

- **Description of the provision and objective**

Ministerial Decision 131/3/1780/1974³³ establishes a levy on the purchase of flour by any kind of buyer in favour of the Bakers' Supplementary Insurance Fund (Ταμείο Επικουρικής Ασφάλισης Αρτοποιών "TEAA") (currently under the Insurance Organisation for the Self-employed, Οργανισμός Ασφάλισης Ελευθέρων Επαγγελματιών "OAEE"). After the 2007 amendment the amount of levy is EUR 0.016 per kg of flour (EUR 0.40 per 25kg). The most recent amendment of 2007³⁴ also determined that 2.9% of the resulting total amount will be contributed to the Federation of Greek Bakers (Ομοσπονδία Αρτοποιών Ελλάδος, OAE).

This provision aims at the financial support of the bakers' social insurance fund, in order to ensure their health and social benefits and pension income.

- **Harm to competition**

The levy raises costs for all purchasers of flour, including industries that are not registered as bakers. Investigation of the market also indicates that the obligation is related to the main activity of the operation; for example, bread points of sale are licensed for bread and baked goods production and are obliged to pay the levy while, on the contrary, pastry shops that are licensed for the production of sweets are not obliged to pay, even if they produce baked goods as well. Therefore, competitors face different costs for the same product (*e.g.* baked goods).

From an economic perspective, a levy on flour has a similar effect as that of a tax, which raises the marginal cost of the raw material. The higher cost of the raw material hurts consumers in multiple ways. First, it means an additional cost to the producers that will be, partly or as a whole, incorporated into the final consumer price. Second, if producers reduce their output because of the higher cost, this translates into lower revenues and fewer jobs for bakeries and the other purchasers of flour.

This provision also leads to differential treatment of domestic mills, which are required to act as tax collectors and have to pay the levy to the state in the same month as the client was invoiced. However, when foreign mills export directly to purchasers (who are subject to this obligation) it is difficult to monitor whether purchasers indeed pay the levy. In this sense, this levy discriminates against local flour production.

- Recommendation and benefits

Recommendation: the levy should be abolished. Bakers who are registered as such and benefit from the pension fund should pay their contributions directly to their pension fund.

By abolishing the levy on flour, the savings should be recovered through lower prices. Furthermore, domestic mills will improve their ability to compete with foreign mills on the price of the products. With an estimated flour production of between 500 000 and 700 000 tonnes,³⁵ the revenues from the levy amount to between EUR 8 and 11 million. Abolishing this levy would significantly lower the cost of production and make Greek mills more competitive again.

1.3.5 Stocks of oats, salt and burning material (fuel) during certain periods

- Description of the provision and objective

Article 16 of Law 3526/2007 states that a bakery business should stock flour, salt and burning material (fuel) in quantities that can cover, according to daily consumption, at least three days of bread production during the period from mid-June to mid-September and for seven days during the period from mid-September to mid-June.

The objective of the provision, according to the official recital, is the security of market supply.

Harm to competition

Due to the number of businesses and in relation to the policy maker's objective, in regular circumstances, a danger of a lack of bread is not possible. The provision is inactive in practice and hence creates uncertainties in the business environment.

The obligation seems subjective and cannot be justified within the scope of the regulation and the development of the bakery market. This does not seem to affect competition directly; however it may increase the cost of operations. Furthermore, the obligation cannot be implemented in a rational way and may create uncertainty in businesses. Finally, existing horizontal legislation that provides for requisition by the state in cases of national emergency can cover such cases as well.

- Recommendation and benefits

Further to the abovementioned analysis, this provision should be abolished. The horizontal provisions for requisition in urgent cases apply.

The benefit from abolishing this provision would have a relevant effect on the cost to operators if they indeed respected the law. However, given that this provision is inactive in practice, its explicit repeal will result in less legal uncertainty, especially for new operators.

1.3.6 *Other provisions (grandfather clauses)*

- Description of the provisions and objective

Article 20 of Law 3526/2007 sets out several transitional and final provisions at the time of its enactment. Paragraph 4 states that old bread points of sale can fulfil the provisions that applied previously (at the time of issue of licences); paragraph 5 determines that old bakeries, industries and laboratories can fulfil the provisions that applied previously (at the time of issue of licences); paragraph 6 determines that licences issued before this law for bakeries, industries and laboratories are still in force until their expiry date.

The official recital of the law does not mention any specific reason for these transitional provisions. However, the main motivation behind such grandfather clauses is that the new rules and regulations may place an undue burden of cost on incumbents who made their investments in production facilities and started operations under older rules.³⁶

- Harm to competition

Grandfather clauses refer to situations such as those described above, where the existing businesses (incumbents) are allowed to continue operations under older rules, whereas new firms are subject to the newer, usually stricter, rules and regulations.³⁷

Even if they were set in force for a smoother enactment of the new law, in practice these provisions provide a different legal framework for existing businesses and for new entries. In this sense, the law does not apply to incumbent businesses and there is no requirement for adjustment to the new legislation. These inequalities among old bakeries, bread points of sale and bread industries/laboratories and new businesses can create cost differentials and act as a barrier to entry. Moreover, it is difficult for both control authorities and businesses to implement the previous legal framework that has been repealed. In this sense, these provisions appear vague and unjustified, creating a legal vacuum and uncertainty for businesses.

- Recommendation and benefits

Following the above analysis, **these provisions should be amended so as to remove the exemptions**. The amendment will result in a level playing field for all businesses operating in the bread sector and will balance the cost differentials among new and old operators. Furthermore, the amendment will provide a business environment without legal uncertainties.

1.4 *Code of Foodstuffs and beverages*

1.4.1 *Obsolete provisions*

The *Code of Foodstuffs and Beverages* (hereinafter the *Code*), is a codified piece of legislation in a single Ministerial Decision 1100/1987. The *Code* sets out the framework regulation regarding food processing and covers many aspects related to food preparation and consumption, including quality and safety.

The amendment procedure takes place when the Supreme Chemical Council issues a new decision which is then approved and signed as a ministerial decision by the Minister of Finance.

Because of this legal procedure, over time it has become a quite inflexible piece of legislation with broad areas of application (151 articles). As a result, regulations that have become obsolete and may create uncertainties in the business environment are issued for other reasons and dating back several decades. These provisions are usually inactive in practice and, in addition, it is difficult to identify the objective of the policy maker and the reason for the existence of some of these regulations. The obsolete provision of the *Code*, which is the tool of the food processing market, may lead to an unclear and unsafe environment and discourage new businesses from entering the market.

Such provisions are:

- article 108, par. 2: the production of products, similar to semolina, derived from the grinding of other cereals, except wheat, is prohibited;
- article 111, par. 7If: the use of hops in the manufacture of bread is prohibited;
- article 122, par. 3: using only olive oil in canned vegetables (and with an acidity that may not be in excess of 1.5% oleic acid); article 3, par. 5: it is not permitted to alter food products even with harmless additions without the state's agreement (agreement of the National Pharmaceutical Organisation, the Supreme Chemical Council or the Central Council of Health, depending on the case);
- article 11, par. 2c: prohibition of indicating the claim “no colorants/no preservatives” only if the claim is real;
- article 38, par. 8 and 10a and b: salt cannot be stored together with other food products;
- article 41, par. 11: selling mayonnaise in bulk quantities is prohibited;
- article 41, par. 9, subparagraph: a) the percentage of oil should not be less than 60%; and article 41 par. 9, subparagraph c): in cases where it is not explicitly indicated, the default mayonnaise is considered to be produced with olive oil;
- article 43, par. 1: prohibition of imports of light pepper, pinhead pepper and long pepper;
- article 43, par 3: every substitute of pepper is prohibited;
- article 43, par. 4: the maximum pack of red pepper (paprika) that is allowed is up to 1 kilogram;
- article 43, par. 6: prohibition of importing and mixing cloves of the Radja king size type;
- article 52, par. 3 and par. 5: maximum packaging for coffee substitutes that is allowed is up to 500 grams and selling in bulk is prohibited;
- article 70, par. 8 and par 3: imports of fish oils need to be approved by the General Chemical State Laboratory (Γενικό Χημείο του Κράτους, GCSL);
- article 77, par. 11: restrictions on packaging edible fats; article 80 (par. 16, subparagraph e I, II); mandatory labelling of 5mm (I) and indication of the percentage of the cocoa content (II);
- article 8, par. 5: labelling food products according to the National Hellenic Standard (NHS) and after a decision issued by the Minister of Industry; and
- article 10, par. 3 to 13: prohibition of the advertising of a particular ingredient or nutrient (*i.e.* claims that are normal and derive from the *Code* cannot be advertised).

Obsolete provisions that are either inactive in practice or covered by EU legislation may create legal uncertainty for businesses and hence, discourage new players from entering the market; moreover businesses (existing or not) are obliged to meet unnecessary requirements that serve old purposes and this may lead to additional operating costs.

Following the provisions mentioned above, **we recommend that the *Code of Foodstuffs and Beverages* should be revised by the competent authorities and obsolete provisions should be explicitly repealed.** The assessment of the *Code* should verify that old and obsolete provisions are excluded and food definitions (which cover the main part of the *Code*) do not exist in other parallel legislation. Furthermore, provisions that are covered (in terms of general rules) by the EU legislation should not be repeated in a way as to add new (or detailed) rules and unnecessary requirements.

As a general recommendation (as mentioned above in Section 1.2.2.1), **the *Code of Foodstuffs and Beverages* could be equally replaced by a Code of Best Practices.** Such a Code of Best Practices could be issued by the competent authority with the participation of food industries in order to create a fair and flexible framework with general guidelines for producers; moreover, with the possibility of periodical reviews, obsolete and unnecessary provisions could be avoided. It will also be much more flexible to amend the Code of Best Practices compared to the current procedure (decision of the Supreme Chemical Council, new ministerial decision) which usually leads to inactive and obsolete provisions.

1.4.2 *Other provisions: presence of a chemist in the appeals process for food samples*

- Description of the provision

The *Code* (article 19 par. 5 and 6) determines that the appellant can appoint a "private chemist scientist" to be present in the appeals process of the sample examination before the General Chemical State Laboratory (GCSL).

- Objective of the provision

The official objective of the provision has not been identified. It is most likely that the policy maker's purpose was to ensure the right of the appellant to participate in the second examination of the sample and to be represented by the relevant scientist.

- Harm to competition

The provision does not have a direct effect on competition. However, it limits the choice of the appellant to appoint the most competent employee to effectively represent him or her in the appeal process. This limitation may raise costs for the appellant, who may not have a chemist in his employ and who will need to hire an external chemist for examination of the sample. In this case the appellant will prefer to appoint an employee, such as another expert (food scientist) or even another employee who is in the beneficial position of having the experience or knowledge in each specific case (e.g. the competent employee in the standardisation of a category of products who has the knowledge and experience to participate in sampling procedures).

At the time of enactment of the *Code* (1987) only chemists were recognised as competent for these specific activities. Nowadays, similar professions and even those that are more specialised in the food sector, such as a food technologist or a nutritional scientist, are also recognised by the state by Presidential Decree 78/1989³⁸ as professionals that "have the right to be employed in the private or public sector as follows [...] f) performing duties of an

expert before market control Courts or other as well as before Food Authorities, for the certification of the quality and suitability of food products". Therefore, such professions have been recognised by the national legislation as experts for certifying food quality, rather than competent to represent a firm in an administrative procedure such as the appeal of sampling³⁹ before the GCSL.

- Recommendations and benefits

Following the abovementioned analysis, we recommend the following:

- **Option 1: Abolish the restriction that only a chemist can represent a firm in the appeal procedure. Allow representation by other relevant scientists (e.g. by Presidential Decree 78/1989) such as food technologists, nutritional scientists, etc. Other scientists, who usually are employed by a food processing business, will be used and firms will avoid the additional costs of hiring a chemist to participate in the appeal procedure.**
- **Option 2: Abolish the restriction that only a chemist can represent a firm in the appeal procedure. The provision should not mention any type of scientist.** If the matter is highly technical a firm might want to be represented by a scientist; however, it should be up to the firm to decide on the level of its representation in all cases (a firm can be represented by an employee who handles the case, a lawyer, an official representative of the firm or other).

1.5 Packaging and other issues related to food processing

1.5.1 Competent authority

- Description of the provision and objective

The draft Law for the Administrative measures, procedures and fines in the fields of food, animal feed and animals' health protection, and other provisions, of the competence of the Ministry of Rural Development and Food determines the central competent authority for controls in the food sector. In the available version, as it was uploaded⁴⁰ for public consultation, article 3 determined, in a non-exhaustive way, 12 competent authorities for the control of unsafe or irregular food products. The official objective of the draft law has not been identified; however, the provision tries to separate out co-competences in order to cover more detailed controls depending on the type of business or the food product.

- Harm to competition

The provision has no direct effect on competition as such. However, the draft law does not specify the competences of each control authority which may result in confusion and uncertainty for market operators. Moreover, it is possible that more than one competent authority will hold similar controls, resulting in additional costs for the controlled business. In such cases there is a risk of duplication of the administrative burden of compliance, or of the multiplication of fines (if applicable), leading to transaction costs and possible delays for the business.

The current legal framework (Joint Ministerial Decision 88/2006⁴¹) determines two competent authorities. The current provision has been criticised as incompatible with

European legislation; according to European Regulation 882/2004.⁴²: “competent authority means the central authority of a Member State competent for the organisation of official controls or any other authority to which that competence has been conferred; it shall also include, where appropriate, the corresponding authority of a third country.” In other words, the European legislation asks for a central body which will be able to lead and co-ordinate the official controls, and dividing the two existing authorities into 12 is clearly a step away from good practice.

- Recommendation and benefits

Following the abovementioned analysis, **we recommend that the draft law should be modified in order to define one central competent authority, as prescribed by European legislation.** This modification will create a safer and more certain environment for businesses and will reduce the risk of incurring additional transaction costs.

1.5.2 Olive oil

- **Packaging of olive oil**

Description of the provision and objective:

According to Ministerial Decision 323902/2009⁴³ (par. 3), the maximum size of the package of olive oil destined for the final consumer is not allowed to exceed 5 L. Since this is a Ministerial Decision and no official recitals were made available, it is assumed that the purpose of this provision is to guarantee the quality of the product and to protect consumers from olive oil adulteration.

Harm to competition:

European legislation provides greater flexibility on the matter when the product is sold to hotels, restaurants, canteens and other similar establishments. European Regulation 29/2012 (article 2) gives the right to the member states to decide on larger packages as follows: "However, in the case of oils intended for consumption in restaurants, hospitals, canteens and other similar collective establishments, the Member States may set a maximum capacity exceeding 5 L for packaging depending on the type of establishment concerned".

Greece does not allow olive oil to be sold in larger packaging to catering establishments or similar collectives of this kind. Thus, by limiting the packaging of olive oil to 5 L, the cost of distribution increases. Consequently, this may create a barrier to entry for operators who could make savings by purchasing larger quantities. As an example, Spain, the world's largest producer of olive oil (Greece holds the third position) allows⁴⁴ larger packages for the distribution of olive oil to restaurants, hotels, canteens and other establishments in packaging of up to 50 L.

Recommendation and benefits:

The sale of olive oil in packaging exceeding 5 L should be allowed for distribution to restaurants, hotels, canteens and similar establishments. Therefore, **the provision should determine packages of more than 5 litres** for these establishments. The liberalisation of the 5 L maximum for packaging will enhance product variety and may lower the cost for the purchaser who buys large amounts of the product.

- **Blends of olive oil**

Description of the provision and objective:

According to Ministerial Decision 323902/2009, par. 5, the production of blends of edible oils that mix olive oil with other vegetable oils for consumption in the domestic market is prohibited in Greece. As already mentioned, no official recitals were made available and it can only be assumed that the purpose of this regulation is to promote and safeguard the quality of Greek olive oil.

Harm to competition:

European legislation does not prohibit the circulation of blends of olive oils with other vegetable oils. According to article 6, par. 1c of the European Regulation 29/2012: “Member States may prohibit the production in their territory of blends of olive oil and other vegetable oils referred to in the first subparagraph for internal consumption. However, they may not prohibit the marketing in their territory of such blends coming from other countries and they may not prohibit the production in their territory of such blends for marketing in another Member State or for exportation”.

However, other Mediterranean countries (such as Spain) with a long-established olive oil tradition do not apply a similar restriction and hence are more competitive on the international market. It is our view, therefore, that this provision prevents Greek producers from competing in the domestic market against cheaper imported blended oils (for frying, for instance).

In addition, such a restriction tends to limit the variety of products supplied, especially the lower-priced ones. By increasing quality standards disproportionately for only a range of suppliers, the provision limits consumer choice. Regulations that force the quality of daily consumables to unnecessarily high levels may disadvantage low-income consumers who may be willing to purchase a quality below the one allowed.⁴⁵ Quality issues can be covered by the obligation for clear labelling in order to distinguish olive oil from blends or to indicate the presence of olive oil (and so enhance the reputation of the Greek product). EU legislation which was established exactly for this purpose, *i.e.* the guarantee of authenticity of olive oil, focuses on the clear labelling of the product rather than a horizontal prohibition of blends of olive oil, having taken into account the issue of the blending practices with respect to the quality of the product.

Greece has the highest per capita consumption of olive oil in the EU (2011/12 data), with 17.9 kilos, followed by Spain with 12.6 kilos, Italy 10.9 kilos, Cyprus 7.5 kilos and Portugal 7.4 kilos.⁴⁶ However, total olive oil consumption decreased from 227 500 tonnes in 2010/11 to 208 000 tonnes in 2012/13.⁴⁷ This decrease may be a result of the economic crisis and the gap between olive oil which is of a high quality and usually expensive⁴⁸ and a cheaper product. This means that a blend of a high percentage of olive oil and oil that is cheaper than virgin olive oil, would be most likely consumed by Greek consumers, enhancing both the variety of products available and consumer choice.

However, as a major player in the olive oil sector Greece could take advantage of European Regulation 29/2012, article 6, par. 1a, which explicitly provides a method for placing a blend of olive oil on the market.⁴⁹

Recommendation and benefits

Further to the abovementioned analysis, **the prohibition of olive oil blends should be abolished**. The benefit from this amendment would be an enhanced variety of products and possibly cheaper products for consumers.

1.5.3 Meat industry

The relevant legislation on the meat industry focuses more on licensing procedures and less on product safety in itself. The latter is covered by the *Code of Foodstuffs and Beverages* as well as European legislation. Meat processing does not indicate a significant number of restrictive regulations since the regulations derive from European legislation and apply directly (EU regulations), rather than from unique national pieces of legislation. However, two issues that could be reviewed by the competent authorities have been identified during our analysis. The first refers to the definition of small quantities in certain pieces of legislation where the state grants licensing exemptions to specific categories of processors. The second refers to certain restrictions identified in the operation of butchers.

Regarding the first issue, European Regulation 853/2004 allows member states to set out lighter rules for the licensing of establishments processing food of animal origin.⁵⁰ Several national pieces of legislation also determine the implementation of this exemption: a) Ministerial Decision 255610/2010,⁵¹ and b) Ministerial Decision 306272/2008;⁵² with the latter ministerial decision, butchers can operate a workshop and prepare products from meat (sausages, etc.). Butchers producing such preparations cannot sell them to other retailers (as a wholesaler does). It is only possible to sell them to the final consumer or to hotels and restaurants in an amount of up to 100 kg per day and 200 kg within the period of 10 days before and after Christmas and Easter; a third piece of legislation referring to small quantities is the draft version of a Ministerial Decision on National Rules in the sector of food of animal origin.

In the abovementioned pieces of legislation, small quantities are determined without any further reasoning by the policy maker and hence are not specified in a proportionate way, *i.e.* according to a specific criterion; consequently, the lack of proportionality may limit certain suppliers from providing their products with the advantage of falling under the thresholds of the exemptions and hence creating a barrier to entry. Finally, the provision leaves room for uncertainty. Therefore, **we recommend the review of the determination of small quantities by the competent authorities.**

Regarding the second issue and Ministerial Decision 306272/2008, article, single par.13 on Regulatory issues concerning the operation of a workshop in butcheries, which gives butchers the right to prepare and produce traditional products in their butcheries, two regulations have been identified that may impose additional costs to businesses and may create uncertainties:

- a) Article single par. 5 states that between the two (retail store and workshop) a separation is needed with a possibility of a door installation. The objective of the provision is to prevent cross-contamination during operations (*i.e.* selling meat and preparing meat products). However, this separation, in the way it is expressed, may be physically implemented as a wall, especially due to the possibility of a door between the two separate spaces. Consequently, this may lead to additional costs for the operators; taking into account that butchers are usually small and medium-sized stores, this obligation may discourage them from entering the market. Therefore, **we recommend that the provision explicitly indicates a separation, permanent or not;** a non-permanent separation would be sufficient in order to ensure compliance with rules and conditions of hygiene.

- b) Article single par.7 states that butchers that have a workshop, can only produce (in this workshop) traditional preparations. European legislation (which grants this exemption of less stringent requirements in certain operations) refers to "enabling" the use of traditional methods and not exclusive focus on them. Secondly, the European legislation enables the use of traditional methods and does not refer to traditional products. This restriction reduces the ability of suppliers to provide certain products, reduces the variety of goods and consequently affects consumer choice.

Therefore, we recommend the following options:

- **Option 1: Determine the products which can be produced, but in broader categories.** In this way, more products can be produced and variety is enhanced.
- **Option 2: Allow all meat products to be produced in the workshop.** In this way, all products are allowed; the consumer has more choices and the butcher is free to prepare the products that will be more profitable to the operation and that can compete on quality.

1.5.4 Other provisions (*obsolete*)

Other provisions have been identified which are obsolete (*i.e.* replaced by new pieces of legislation) or inactive in practice. It is recommended that the following provisions should be explicitly abolished for reasons of legal certainty: a) Ministerial Decision 1733/1974, art 1, par. a on Terms and obligations for the distribution of vinegar; this provision determines that apple vinegar may be bottled only in up to 1L bottles, and b) Law 4035/1960, article 5 on Measures on expansion and improvement of horticultural crops and other provisions; this provision determines that, in the case of plant nurseries, if the lot is larger than 20 000 m², the owner must hold a degree in agricultural science or employ a horticultural scientist.

1.6 Conclusions on the sector findings

The Greek food processing sector is largely regulated by EU standardised norms for health, safety and hygiene, and the norms found in the sector seem to be broadly compliant with the EU-wide framework. However, we have identified regulatory barriers to competition in the main industries within the food processing sector, *i.e.* the dairy and bakery industries. These obstacles often derive from the fact that the legislation provides definitions of certain food products or activities and that these definitions are restrictive, because they usually do not take into account recent technological developments. Examples of these restrictions are the definitions of bakeries and of the weight of bread, as well as the definition of yoghurt and other dairy products.

The legislation also sets the duration of "fresh" milk. This approach is not in line with practice in the other EU member states and results in protecting a few local market players (some farmers and milk manufacturers) from internal and foreign competition to the detriment of consumer choice and welfare overall.

A related barrier created by the legislation arises from obsolete provisions, which may lead to an unclear regulatory environment and discourage entry. Most of the obsolete provisions we have identified are in the *Code of Foodstuffs and Beverages*.

The legislation imposes a levy on purchases of flour, and this levy is used to finance the Bakers' Supplementary Pension Fund and their association. As explained in the chapter, the levy increases the

cost of flour and distorts the market mechanism. In addition, the levy discriminates against Greek flour mills.

We have made 54 recommendations for the legislation on food processing, out of a total of 100 provisions analysed in depth in the course of the project. Our recommendations aim at modernising and streamlining the legislation. Removing obsolete provisions will lead to more legal certainty and facilitate entry and operation. Moreover, we recommend replacing strict definitions with clear labelling of ingredients in order to allow market players greater flexibility in their marketing choices. We also recommend allowing suppliers greater choice of packaging sizes.

We recommend letting producers set the use-by date of milk, according to their pasteurisation methods and the relevant EU regulation. In addition, milk cartons should be clearly stamped with the date of production and the valid-to date.

The distortive levy on flour should be abolished and an alternative financing mechanism for the pension fund should be identified.

Our recommendations will contribute to simplifying the business environment in the food processing industry and allowing the market to function more freely. Many of our recommendations by their nature do not lend themselves to a straightforward quantification of the benefits they will deliver to consumers. However, we have managed to develop estimates for the recommendations on the shelf-life of milk and the levy on flour. Removing the restriction on the duration of milk should reduce costs along the supply chain, provide incentives for innovation and greater product variety and significantly enhance competition in the market for fresh milk. A conservative estimate of the increased consumer benefit from lifting the restriction on the shelf-life of milk is approximately EUR 33 million a year. In addition, we estimate that removing the levy on flour would result in a cost saving for the industry ranging between EUR 8 million and EUR 11 million per year.

Notes

- 1 Formerly defined as the Manufacture of food products (NACE Rev. 2 code 10), the sector includes the processing and preserving of meat, fish, fruit and vegetables, oils and fats, milk, grains, other food products and animal feed.
- 2 Presidential Decree 113/1999 “Veterinary and Hygiene check of milk” determines that “the term ‘pasteurised milk’ means milk which has undergone a particular process that involves exposure to a high a temperature for a short time (at least 71.70°C for 15 seconds or an equivalent combination) or a pasteurization process that uses different combinations of time and temperature to achieve an equivalent effect. It has a negative reaction to the phosphatase test and a positive to the peroxidase test and it should be cooled as soon as possible immediately after pasteurization, at a temperature not exceeding 60°C, at which temperature it should be maintained. The shelf-life is determined under the responsibility of the manufacturer and cannot exceed five (5) days, including the date of pasteurization”. Further, “the packaging of pasteurised milk must be labelled with the words ‘pasteurised’ and ‘milk’ and the mark of the product duration and temperature maintenance. Additionally, the word ‘fresh’ may also be used. These instructions must be clearly displayed on the packaging using visible character fonts”.

Under the same piece of legislation a second type of pasteurised milk is defined as “high pasteurisation milk”. This is determined as “...milk which has undergone a particular process that involves exposure to a high temperature at 85oC to 127oC, in such conditions of temperature and time that the peroxidase test is found to be negative, and that it is being cooled as soon as possible immediately after the heat treatment, at a temperature not exceeding 60oC”. Further, “...shelf-life is determined under the responsibility of the manufacturer. The packaging of high pasteurized milk must be labelled with the words ‘milk’ and ‘high pasteurization’ and the mark of the product duration and temperature maintenance. These instructions must be clearly displayed on the packaging using visible character fonts”. It is prohibited to label the product in any way and at any point of product packaging with the words “fresh” or “pasteurised”.

- 3 In 1959 the Royal Decree (RD) of the 2th/16th of May 1959 “Regarding the veterinary control of milk”, first determined the specific rules regarding the health and safety of milk production and distribution. In article 11, the RD gave the definition of pasteurised milk and in article 12 the specific rules for the wholesale and retail distribution were set. Paragraph 6 of this article (12) determined that “the sale of the pasteurised milk which is being sustained 11°C should take place within 2 days maximum, starting from the pasteurisation date which is written on the stopper (of the package)”. Following this initial piece of legislation, several amendments have taken place, the most noteworthy being in 1988 (PD 104/1988 A'46 changing the 2-day limit to 4 days. Finally, PD 113/1999, which is the current legislative situation, again amended paragraph 6 of article 12 and changed the 4-day shelf-life to 5 days. It is noteworthy that in 1989, PD 9/1989 (OfG A'3) abolished all the articles of the initial RD (1959) except paragraph 6 of article 12.
- 4 According to (EC) No 854/2004: “(a) Pasteurisation is achieved by a treatment involving: (i) a high temperature for a short time (at least 72°C for C for 15 seconds); (ii) a low temperature for a long time (at least 63°C for C for 30 minutes); or (iii) any other combination of time-temperature conditions to obtain an equivalent effect, such that the products show, where applicable, a negative reaction to an alkaline phosphatase test immediately after such treatment. (b) Ultra high temperature (UHT) treatment is achieved by a treatment: (i) involving a continuous flow of heat at a high temperature for a short time (not less than 135o C in combination with a suitable holding time such that there are no viable micro-organisms or spores capable of growing in the treated product when kept in an aseptic closed container at ambient temperature, and (ii) sufficient to ensure that the products remain microbiologically stable after incubating for 15 days at 30o C in closed containers or for seven days at 55o C in closed containers or after any other method demonstrating that the appropriate heat treatment has been applied.”
- 5 However, we should underline that before the final issue of the new EU Regulation 1169/2011 for the labelling of food, a proposal on the draft regulation was issued by MEPs for the Green Party. The proposal included an additional subparagraph in article 7 on “fair information practices” and regulated that “food information shall not be misleading, particularly [...] h) for milk, by denoting milk as ‘fresh’ when its use-by-date is more than seven days after the filling date”. This provision created many contrary arguments and was eventually rejected. Most of them came from the UK where “fresh” pasteurised milk is widely consumed. Some of these arguments stated that this would have a serious effect in the UK market where fresh milk usually has a shelf-life of more than 7 days. There is broad guidance by the Food Standards Agency (FSA) for the use of the term “fresh” so as not to mislead consumers and the argument demands that “...it is appropriate to describe dairy products held at chilled conditions at point of sale, with limited shelf-life, even if these have been subjected to minimal, mild heat treatment such as conventional pasteurisation”.
- 6 “high pasteurised milk” is a unique Greek term (*γάλα υψηλής παστερίωσης*), not to be confused with UHT milk.
- 7 The average shelf-life of fresh milk tends to be around 10 days in the rest of the EU.

- 8 A number of reasons have been proposed to explain the relatively higher farm-gate prices in Greece. The most common factors, for which there seems to be a wide consensus among producers and the industry alike, are: the high cost of imported animal feed, high fuel or general energy costs, the particularities of the Greek geographical landscape (mountainous mainland, archipelagos with many islands, etc.) . These factors, together with a large number of small producers lead to the fact that the average farm is small in comparison to those in other EU countries. This makes the production of cow's milk in Greece costly and inefficient, with a minimal ability to take advantage of the economies of scale available to producers in other member states.
- 9 With a four-day maximum shelf-life before 1999.
- 10 In fact, according to information provided by Media Services SA, advertising expenditure for "high pasteurised" products outspent all other drinking milk categories between 2006 and 2009.
- 11 <http://www.e-prices.gr>
- 12 Using the e-prices dataset from the Ministry of Development and Competitiveness (2010-12) that includes all the branded and private label milk products, we estimate the effect of milk duration (in days) on retail prices, while controlling for time, store, location, type of milk (fresh or high pasteurisation) and other milk characteristics (for example, low fat, chocolate, enriched, etc.) fixed effects. The estimated price elasticity of duration is 2%. In other words, if we increase milk duration from 5 days to 10 days, then predicted average prices for "fresh" milk will increase from 1.20 to 1.22.
- 13 Using the e-prices dataset from the Ministry of Development (2010-12) that includes all the branded and private label milk products, we estimate the effect of milk duration (in days) on retail prices, while controlling for time, store, location, type of milk (fresh or high pasteurisation) and other milk characteristics (for example, low fat, chocolate, enriched etc) fixed effects. The estimated price elasticity of duration is 2%. In other words, if we increase milk duration from 5 days to 10 days, then predicted average prices for "fresh" milk will increase from 1.20 to 1.22.
- 14 Source: Market research company SymphonyIRI.
- 15 Consumer benefit estimates based on: $CB = (\rho + \frac{1}{2}\epsilon\rho^2)R_r$, where ρ is the percentage price change (estimated at 10%), R sector revenue in 2011 and ϵ the demand elasticity. Since no estimations on Greek demand elasticity for milk exist in the literature, due to similarities in diet and the importance of the dairy sector in demand, we use the relevant estimation for the case of Spain ($\epsilon=2.1$) provided by Briz and de Felipe (1998).
- 16 See Ministerial Decision 1100/1987, on the Code of Foodstuffs and Beverages (Official Gazette B'788/31-12-87).
- 17 Code of Foodstuffs and Beverages, article 82, "Yoghurt [...] shall be the product obtained after coagulation of raw milk only, correspondent to the nature and origin, using the reaction of the culture that causes their special fermentation. The yogurt should contain fat and solid residue without fat, exceeding the limits laid down in Article 80 by a percentage of at least 10% (paragraph 3) of the respective milks from which it was prepared [...]".
- 18 Code of Foodstuffs and Beverages, article 84, paragraph 1, "Rizogalo is the product that is produced by raw, pasteurised or not, full fat milk, rice and sugar; it should contain a percentage of fat of at least 3%. It is prohibited to add – in any way – water during the production of rizogalo".

- 19 Code of Foodstuffs and Beverages, article 84, paragraph 2, "Dessert cream is the product that is produced by raw, pasteurised or not, full fat milk, eggs yolks, amylaceous substances and sugar; it should contain a percentage of fat of at least 4% and at least an egg yolk per 1 000 gr of final product.
- 20 Code of Foodstuffs and Beverages, article 85 paragraph 5.
- 21 It should also be noted that traditional yoghurt has another type of definition and is a different product, regulated in the distribution of products and services (Ministerial Decision A2-861/2013), which means that the traditional product is already protected and promoted in a proportionate way to the intended purpose of the policy maker.
- 22 Codex Alimentarius, (2011) "Milk and Milk Products", Fermented milks (CODEX STAN 243-2003), second edition, pp. 6-9.
- 23 See Law 3526/2007 on Baking legislation, Official Gazette A'24/09.02.2007.
- 24 Law 3526/2007, article 2: "The techno-economic unit according to article 2 par. 1 (a) of Law 3325/2005, that has an installed engine power of up to 22 kW or equivalent thermal power of up to 50kW. The above techno-economic unit produces bakery products and other food preparations, based on flour, except pasta, as well as cooked food and other preparations. In the interior space of the bakery, of the abovementioned, meaning that it is allowed to complete the cycle production of bread, from the processing of raw materials to the final baking and to sale products made from this".
- 25 See Law 3526/2007, article 2, par. 8: "The use of the term "baker", and the commercial use of discretionary titles "baker", "bakery" or "oven" is allowed only to natural persons or entities dealing directly from the stage of the first selected materials, kneading the dough, the development thereof to full formatting of, and the baking of bread in the place of sale to the consumer. No other person other than those specified above is allowed to use the "baker" or "bakery" as that use can cause confusion regarding the place of the production of bread.
- 26 Research on consumers and bakers held by Marketing Research Communication S.A., "MARC AE", February 2013.
- 27 Research on consumers and bakers held by Marketing Research Communication S.A., "MARC AE", February 2013.
- 28 Explanatory Memorandum to the weights and measures (specified quantities) (unwrapped bread and intoxicating liquor) Order 2011, 2011 No. 2331,
www.legislation.gov.uk/uksi/2011/2331/contents/made.
- 29 Impact Assessment to the weights and measures (specified quantities) (unwrapped bread and intoxicating liquor) Order 2011, 2011 No. 2331,
www.legislation.gov.uk/uksi/2011/2331/contents/made
- 30 *ibid.*, pp. 10-11.
- 31 See Law 3526/2007, article 4, par. 1: "Bread stations can be established in accordance to the General Building Regulation" [...] "a separate and independent store, is permitted to be established within any food store except butcheries, fishmongers, poultry stores, kiosks and convenience stores, in an area clearly separated and subject to the sanitary provisions".
- 32 Article 25, decreto legislativo 114/1998.

- 33 See Ministerial Decision 131/3/1780/1974 on Definition of the contribution in favour of the Baker's Supplementary Insurance Fund and the procedure of its collection, (Official Gazette B' 1088/26-10-1974).
- 34 See Ministerial Decision 20134/6015/287/2007 on Increase of the contribution in favour of the Baker's Supplementary Insurance Fund, (Official gazette B' 526/12-4-2007).
- 35 ICAP, sector report on the flour producing industry, 2000-2013.
- 36 OECD (2011), Competition Assessment Toolkit, Version 2.0, Volume II Guidance, OECD Publishing Paris, www.oecd.org/competition/assessment-toolkit.htm, p. 54.
- 37 ibid.
- 38 See Presidential Decree 78/1989 on Professional rights of the graduates of the departments a) Food technology, b) Nutrition of the school of Food technology and Nutrition of the technological education schools, (Official Gazette A'36/7-2-1989).
- 39 As argued in the legal opinion no. 457/1998 of the Legal Council of the State: "it is not reasonable for these scientists [of the Presidential Decree 79/198] to have the right to represent a firm in a market law court and not in an administrative procedure such as the appeal of the sample's examination".
- 40 From July 2010, according to the Greek Parliament Regulation (article 85 par. 3), every draft law should be accompanied by a report on public consultation results. Draft laws (with some exceptions) are uploaded to www.opengov.gr/home/ for public consultation.
- 41 See Ministerial Decision 088/2006 on Appointment of the central competent authorities for the official control in the food sector in compliance with the European Regulations 882/2004, 852/2004, 853/2004, 854/2004, (Official Gazette B' 175/13-2-2006).
- 42 EC Regulation No. 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules, Official Journal of the European Union, L 165/ 1, article 2, par. 4.
- 43 See Ministerial Decision 323902/2009, on Complementary measures in compliance with the European Regulation 1019/2002 regarding the standardisation of olive oil, (Official Gazette B' 2026/18-09-2009).
- 44 Real Decreto 1431/2003, de 21 de noviembre, por el que se establecen determinadas medidas de comercialización en el sector de los aceites de oliva y del aceite de orujo de oliva, www.boe.es/diario_boe/txt.php?id=BOE-A-2003-21736 "As provided in the second paragraph of Article 2 of Regulation (EC) No 1019/2002, in Spain the oils referred to in the previous article may be in packs of 10, 20, 25 and 50 litres provided they are intended for use in chip shops, restaurants, hospitals, canteens and other similar places".
- 45 OECD (2011), Competition Assessment Toolkit, Version 2.0, Volume II Guidance, OECD Publishing Paris, www.oecd.org/competition/assessment-toolkit.htm, pp. 51-52.
- 46 Source: IOC and statements of EM within the IOC and Eurostat balances, published at www.oliveoiltimes.com/olive-oil-basics/greeks-leading-olive-oil-guzzlers/35304
- 47 See International Olive Council data, EU Olive oil figures, www.internationaloliveoil.org/estaticos/view/131-world-olive-oil-figures

- 48 As an indicative example, the production price of extra virgin olive oil increased by more than 20%, see International Olive Council data, EU Olive oil figures International Olive Council (IOC) www.internationaloliveoil.org/estaticos/view/133-eu-producer-prices (accessed July 2013).
- 49 European Regulation 29/2012, article 6, states that "where the presence of oils as referred to in Article 1(1) in a blend of olive oil and other vegetable oils is highlighted on the labelling elsewhere than in the list of ingredients, using words, images or graphics, the blend concerned must bear the following trade description: 'Blend of vegetable oils (or the specific names of the vegetable oils concerned) and olive oil', directly followed by the percentage of olive oil in the blend. The presence of olive oil may be highlighted by images or graphics on the labelling of a blend as referred to in the first subparagraph only where it accounts for more than 50 % of the blend concerned".
- 50 According to the guidance document for the implementation of European Regulation 853/2004, "the retail establishments supplying the final consumer as their main trade should in effect trade their products locally and so are not engaged in long distance trade which requires more attention and supervision in particular as regards transport and cold chain conditions. The notion is further explained in recital (13) of European Regulation 853/2004, where it is spelled out that such supply should be only a small part of the supplying establishment's business; the establishment supplied should be in its immediate vicinity, and the supply should concern only certain types of products or establishments. In some cases retailers (e.g. butchers) may produce small quantities (in absolute terms) of food, most of which is supplied to caterers and/or to other retailers. In such cases it would be in line with the intention of the Regulation to enable the continued use of traditional methods of distribution, considering that 'marginal' should include the notion of small quantities. 'Marginal' should therefore be interpreted as a small amount of food of animal origin in absolute terms or as a small part of the establishment's business. At any rate, the combination of the three criteria provided for by the regulation should allow an appropriate qualification of most situations". According to the same document, "That notion allows genuine retail shops supplying the final consumer (e.g. a butcher) to supply food of animal origin to another local retail business under the requirements of European Regulation 852/2004 only. The requirements of Regulation 853/2004 (e.g. the approval of the establishment, the application of an identification mark) would not apply".
- 51 See Ministerial Decision 255610/2010, article 1 and 2 on Disposal of small quantities of meat from poultry – rabbits from producers whose annual production does not exceed 10 000 poultry, (Official Gazette B'327/26-3-2010).
- 52 See Ministerial Decision, article single par.13 on Regulatory issues concerning the operation of a workshop in butcheries, (Official Gazette B' 1483/29-7-2008).

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CHAPTER 2

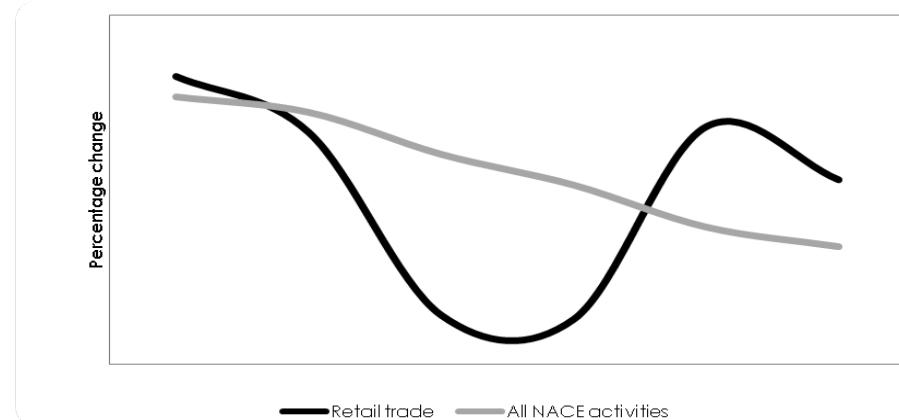
RETAIL TRADE

Although recent legislation enacted in 2013 has addressed Sunday trading and the distribution of products and services, the deregulation has been only partial and restrictive provisions still harm competition. Obstacles remain for larger stores and chains to adopt more flexible hours; there are also continuing restrictions on seasonal sales, discounts and promotions. The restriction on distribution channels of over-the-counter medicines and dietary supplements, and the establishment and operation of pharmacies all limit competition and lead to under-investment in these areas. Limitations for outdoor trade and street markets, fuel retail and the pricing of books lead to a rigid retail process, inefficient distribution channels and limited incentives for innovation. The study examines the harm to competition and quantifies the benefits for both consumers and retailers in terms of both increased employment and greater investment in the sector. Total consumer benefits are estimated at around EUR 3.34 billion a year from full liberalisation. Two annexes provide more detail in the form of a quantitative study on the impact of liberalising Sunday trading and a cross-Europe study of over-the-counter medicines and diet supplements.

2.1 Sector overview

In Greece, the retail trade sector has a significant share of employment and a growing share of gross value-added (GVA). In 2011 the sector generated EUR 7.7 billion of GVA, taking up 4.2% of Greek GDP. Between 2007 and 2009 the sector's GVA fell sharply, at a more rapid rate than the overall Greek economy (Figure 2.1). However, the contraction has considerably weakened since then and a short-lived growth episode was observed in 2010.

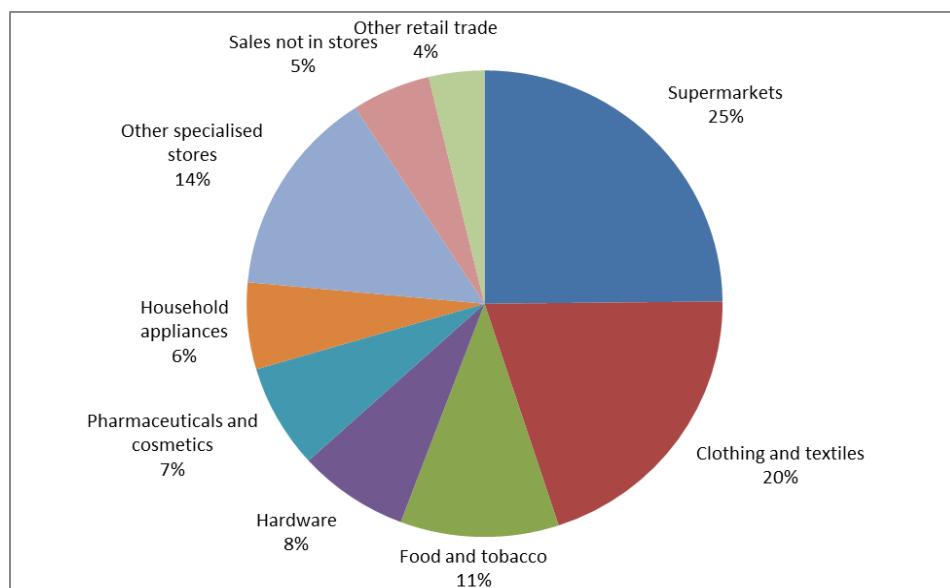
Figure 2.1. Retail trade, gross value added (percentage change, volumes)



Source: Eurostat (2013), *National Accounts* (database), <http://goo.gl/MRvXeq> (accessed 13 September 2013)

Non-specialised stores (mostly supermarkets) have the largest share of total GVA in the sector (24.8%). Stores specialising in the sale of clothing, footwear, textiles and leather goods rank second with a share of 20.1%, followed by specialised stores for food beverages and tobacco (10.8%) and hardware stores (7.5%).

Figure 2.2. Share of gross value added per subsector in retail trade, 2007



Source: Eurostat (2013), *Structural Business Statistics* (database) <http://goo.gl/fXMCO> (accessed 13 September 2013)

According to the latest provisional data, during the first half of 2013 the volume of retail trade fell by 10.2% year-on-year, following the same pattern as in 2012 (-12.2%) and 2011 (-10.2%). The fact that the volume of retail trade has contracted each month since April 2010 is indicative of the persistence of the recession in this sector.

Retail trade absorbs a significant portion of the Greek labour force. Even though the publicly available data might underestimate employment in the sector, with unregistered employment most probably stronger in some branches (*e.g.* stalls and street markets), the contribution of the sector to total employment is considerable, accounting for 12.3% of the total Greek workforce (Labour Force Survey of ELSTAT.). In 2011, about 503 000 people were employed in retail, yet by the third quarter of 2012 employment in the sector had fallen to about 453 000. The loss of jobs during the crisis was initially very low in the sector (-0.1% in 2009), yet it accelerated to -4.9% in 2011. The latest available jobs data from El.Stat. (January to September 2012) indicate that the contraction has weakened to -3.7% year-on-year. However, the sector's share of total employment has fallen slightly to 12.1%, indicating that this employment contraction has eased less in the retail trade sector than in the economy overall. According to business and consumer surveys, compiled in Greece by the Foundation for Economic and Industrial Research (IOBE), the consumer confidence indicator fell to a ten-month low in August, implying that the slump in retail trade will persist in the coming months.

Using the methodology outlined in OECD (2011), the OECD examined the legislation on retail trade in Greece. Legislation in the retail trade sector is characterised by a wide range of horizontal framework regulations that include laws, legislative/presidential decrees and ministerial decisions. The examined framework of laws and regulations covers a large number of provisions on topics such as licensing, sanitary and consumer protection, operating hours, market provisions, transportation and warehousing.

The OECD also examined specific legislation on retail subsectors, such as retail sale in non-specialised stores, retail sale of food, beverages and tobacco in specialised stores, retail sale of automotive fuel, retail sale of goods in specialised stores (*e.g.* pharmaceuticals, cosmetics and dietary supplements), retail sale in stalls and markets and retail sale not in stores, stalls or markets.

Based on the review of the legislation, the OECD identified obstacles to competition in the following branches:

- retail sale of automotive fuel in specialised stores (sector 47.3 in NACE Rev. 2)
- retail sale of books in specialised stores (sector 47.61 in NACE Rev. 2)
- dispensing chemist in specialised stores (sector 47.73 in NACE Rev. 2)
- retail sale in stalls and markets (sector 47.8 in NACE Rev. 2)

In the retail trade of **fuel**, more than 2 000 petrol stations have exited the market as a result of the decreasing demand for travel and thus fuel during the past three years. The total number of stations operating across the country is estimated to be approximately 6 000 according to the latest available data. Nevertheless, the number of outlets can be considered to be relatively high, given that in Greece there is one petrol station per 1 200 inhabitants, a ratio which is three times higher than the average in Europe (one petrol station for every 3 600 inhabitants). In terms of geographical dispersion, one out of five petrol stations is located in the Attica region, accounting for 50% of national sale of fuel.

The volume of **fuel sales** fell by 14% in the first four months of 2013 against a 16.8% reduction in 2012. Meanwhile, 17 056 persons were employed in the subsector in the third quarter of 2012,

down by 20.2% since the third quarter of 2008. Following closely the trends in global petroleum prices, in the first seven months of 2013 the price index for fuel contracted by 1.4%.

In the retail trade of cultural and recreational goods in specialised stores (including **bookstores**), in 2011 the number of companies stood at 190, remaining stable since 2008. However, the number of employees has decreased by 18.4% since the third quarter of 2008 to reach 14 408 individuals in the third quarter of 2012. Some positive signs can be read in the latest retail trade volume data on books, where the index expanded by 8% in June 2013 year-on-year, while all other key retail categories contracted. Meanwhile, the price index of books fell significantly in the first seven months of 2013, recording a year-on-year deflation of 3.7%.

The aggregate branch of retail sale of other goods in specialised stores, which includes **pharmacies**, is the most populous branch in the retail sector in terms of number of enterprises and employment. It represents 33.1% of the total firms in the sector. Since the third quarter of 2008, employment in this branch has decreased by 12.4% to 171 083 employees in the third quarter of 2012 (a loss of 24 260 jobs). The contraction in this branch has carried over to early 2013, with the retail volume index in pharmaceuticals/cosmetics recording the largest reduction among the constituent branches of retail trade in the first four months of the year (-15.5%). Finally, employment in stalls and markets has fallen by 10.1% since 2008 to about 16 500 in the third quarter of 2012.

The restrictions identified in these branches and the harm to competition from those restrictions are presented in more detail in the remainder of this chapter.

2.2 Sunday trading

2.2.1 Introduction

Over the last two decades, many OECD countries have debated the laws and regulations concerning retail trading hours and in particular Sunday trading. As a result of this debate many legal restrictions on trading hours have been relaxed, but Sunday trading regulation still varies widely across European countries. For example, in Sweden trading hours have been unrestricted for all stores since 1972, whereas in Germany it varies across parts of the country; in 2006-07 the responsibility for trading hours was transferred from the federal to the state governments and many states have deregulated Sunday trading. In France, although Sunday opening is generally not allowed, there are many exceptions as around 500 cities are declared to be tourist towns and have been fully deregulated since 2009, while in Norway shops are not allowed to open on Sundays. Given this mixed picture across Europe, it is natural that a similar debate is under way in Greece: should Sunday trading continue to be heavily regulated or should it be liberalised?

2.2.1.1 Summary of the identified restrictions

The current law in Greece provides a unified framework regarding the operation of all types of shops with a maximum operation until 21:00 on weekdays and until 20:00 on Saturdays.¹ Most retail shops are not allowed to open on Sunday with the exception of (i) specific shops authorised by law, such as restaurants, cafes, flower shops, pastry shops and kiosks,² and (ii) shops in tourist areas.³ The current law thus leaves retailers considerable leeway to choose their actual trading hours on weekdays,⁴ while largely banning their operations on Sundays. Hence, we focus our attention on Sunday trading restrictions.

2.2.1.2 Objectives of the current law

Different groups have defended the existing laws for a variety of reasons. Religious organisations seek to protect Sunday as a day of rest and spiritual pursuit. Labour unions believe these laws protect workers from working overtime, especially in societies with weak labour enforcement mechanisms such as Greece. Small and independent retailers generally support the regulations in order to insulate themselves from competition on the basis of trading hours from larger, more efficient retailers. Finally, many people see merit in the idea of a common rest day, as it is evidently desirable to co-ordinate leisure with friends and family, creating many positive externalities.

2.2.1.3 Harm to competition

However, restricting Sunday trading also leads to various efficiency costs imposed on consumers, retail businesses and employees. Restricting trading hours impinges on consumer choice regarding when to shop, allows them less time to compare products and prices and raises the opportunity cost of shopping. Moreover, by reducing the time available for shopping, it forces consumers to shop concurrently leading to high congestion costs.

Restricting Sunday trading also imposes efficiency costs on retail businesses as it does not allow them to fully utilise their capital investments. By not being able to open on Sunday, retail shops may lose sales to other businesses that are allowed to operate on that day, such as cafes, restaurants and cinemas. Operating on Sundays essentially provides businesses with an extra differentiation tool and allows them to respond much better to the preferences and consumption patterns of their customers.

Finally, regulations restricting trading hours impose significant costs on some retail employees compared to others. Mandatory shop closure on Sundays is a disadvantage to those workers willing to fill non-traditional working hours, such as students or part-time workers (with women representing the largest portion of those), while protecting those workers who are averse to working such hours. This observation is far from meaningless at a time when youth unemployment is at historical highs; in addition, women's participation in the labour force has been very low in Greece compared to other OECD countries.

From society's point of view regulating Sunday trading requires careful balancing of social externalities and religious values on the one hand and the costs imposed on consumers, businesses and potential employees on the other. To establish the effects of Sunday opening times we carried out a literature review (below) examining Sunday trading deregulation and a statistical study (See Annex A to this chapter).

2.2.2 Literature review

The economic literature on Sunday opening focuses on four key issues: employment, prices, sales and concentration.⁵ The key findings were as follows.

2.2.2.1 Employment effect

The empirical literature provides strong and unambiguous evidence that lifting Sunday trading restrictions will increase employment. Pilat (1997) and Gradus (1996) show that employment goes up mainly because of an increase in the number of employed persons (rather than an increase in hours worked by existing employees). Burda and Weil (2005) find that American blue laws reduce employment within the retail sector by 4.2%, which mainly comes at the cost of part-time employment, whereas Goos (2004) finds that deregulation increases total employment by 4.4% to

6.4%. Finally, Skuterud (2005) concludes that the increase in employment due to Sunday trading was driven by an increase in threshold labour (*i.e.* increasing employment) that could not be met by simply increasing the hours of work of existing employees.

2.2.2.2 *Price effect*

Similarly, the effect of deregulation on prices is also theoretically ambiguous. On the one hand, if Sunday deregulation implies an increase in competition (due to extended operating hours) then we would expect prices to fall. Clemenz (1990) predicts that, if longer shopping hours facilitate price comparison, deregulation could reduce prices by encouraging competition among retailers. Similarly, de Meza (1984) proposes that deregulation can induce more competition and result in lower travel costs as well as lower prices. Inderst and Irmel (2005) show that deregulation might lead to some shops being open longer hours than others, but also that both types of shops will charge higher prices.

The empirical evidence is also mixed. In a Quebec study, Tanguay, Vallée and Lanoie (1995) find that deregulation resulted in increased prices at large stores and reduced prices at smaller outlets. They hypothesise that deregulation lowered access costs for larger stores, shifting consumer demand and allowing them to raise prices, while smaller stores were forced to lower prices to compete. Reddy's (2012) analysis of German trading hours provides some evidence that liberalisation resulted in a fall in prices. In analysing American blue laws, Burda and Weil (2005) find that retail prices were not significantly affected. Finally, Access Economics (2003) examining deregulation in Australia concluded that there is very weak evidence for minor reductions in retail price growth.

2.2.2.3 *Sales volume effect*

The impact of deregulation on the volume of sales can be either neutral (shopping during the week is replaced by Sunday shopping) or positive (consumers spend more or redirect expenditure from other segments into retail). According to the Civil Department (1991), deregulation in Sweden increased turnover by 5%. Goos (2004) finds that deregulation increases total revenue by 3.9% to 10.7% in the USA. Reddy (2012) finds no impact on sales in Germany. Finally, Prodromidis, Petralias and Petros (2012) provide empirical evidence that extending operating hours in Greece in 2005 had a positive impact on both turnover and quantity of goods sold. Although not unanimous, the empirical evidence shows a positive impact on retail sales, without exploring the particular channels through which this effect arises (*i.e.* whether it is cross-industry substitution or a pure expenditure increase).

2.2.2.4 *Concentration effect*

The impact of deregulation on market concentration is the least explored of these four key issues in the literature. In theory, concentration could increase if large shops could take advantage of the lifting of Sunday restrictions and take trade away from the smaller shops. However, trading hours are just one of the many strategic variables (along with price, location, advertising, personal advice or services) available to competitors to protect and expand their market share. We would expect a negative impact on small stores that are substitutes for large stores (for example, a small boutique versus a large clothes department store), but a positive one for small stores that are complementary (for example, a small café or bakery in a retail shopping mall or district).

The existing empirical evidence does not indicate any significant negative effect. Goos (2004) finds that deregulation increases the number of shops by 1% to 2% in the USA. Australian studies show no relationship between the proportion of small retail businesses and the stringency of trading hour regulation in each state and deregulation does not seem to have affected small retail businesses negatively (Australian Productivity Commission, 2011). However, the effect of Sunday trading

deregulation on concentration is by definition a long-run effect that is much harder to identify empirically than short-run effects on prices, sales or employment.

2.2.5 Recommendations

Based on the literature review and the econometric analysis of the European experience on Sunday trading deregulation, the most robust and significant evidence is that of an overall **positive impact on employment from deregulation**.

Results are not only statistically, but also economically significant. If one multiplies the average estimated coefficients on the retail sectors presented in Annex A by the number of persons employed in these sectors in Greece, based on the latest Labour Force Survey (2011) by EL. STAT., the net increase in the number of people employed following Sunday trading deregulation would be 30 058 people. The results seem to indicate that the overall employment increase stems not only from existing firms hiring more people, but also from new firms entering these sectors. The second important piece of evidence is that turnover of some retail goods (in particular food, where a 10.7% increase in expenditure would result in a EUR 2.5 bn increase⁶) also seems to increase and this effect is not driven by a pure substitution effect. We note that this is only the direct effect on consumer expenditure and it does not take into account any multiplicative effects of increased trade along the value chain. However, the evidence on prices does not point towards a significant reduction.

We therefore recommend two possible policy change scenarios. The first, more conservative one, is to carefully experiment by relaxing Sunday trading regulation in a randomly selected number of tourist areas (or towns) across Greece and then measure consumer behaviour and firm performance, comparing them with another set of towns where Sunday trading restrictions will maintain the existing law. The advantage of such experimentation is that evidence on the direction and magnitude of the impact of Sunday deregulation on prices, turnover, employment and concentration, directly relevant to Greek market conditions, can be collected and analysed before deciding to roll out the changes across the country. The disadvantage is that it requires time and effort to design, execute and analyse the evidence from such a scheme.

The second option is to relax Sunday trading restrictions by allowing firms to operate freely from 11:00⁷ until 20:00. The advantage of such a change is that the market will adjust to the new situation as a whole and hence any positive effects, such as increases in employment, will be reaped in full.

2.2.6 New law provisions

During the writing of this report a new law on Sunday trading was voted in the Greek parliament⁸ with the following new provisions: 1) all retail shops have the option to open for seven Sundays⁹ in the year from 11:00 until 20:00; 2) the deputy prefect defines the areas within the prefecture in which the retail stores can optionally operate on additional Sundays within three months of the law being passed; and 3) the law applies to the following types of stores: i) retail stores with a maximum surface of 250 m², ii) retail stores that are not chain stores (franchise stores are excluded from this restriction), iii) retail stores that are not shops-in-shops and are not located in outlets, malls or outlet villages.

The provisions of the new law are a step in the right direction, following the previously documented wave of deregulation across Europe. However, it limits Sunday opening to small retail shops (less than 250 m²). This cut-off level seems arbitrary and there is very little economic justification for imposing such a restriction. Large retail shops (including chains, outlets and shops-in-shops) are more likely to be able to take advantage of the extended trading hours and hence to hire more employees, thus having a significant impact on competition and prices.

2.3 Promotions, seasonal sales and discounts

2.3.1 Introduction

Seasonal sales, price discounts and promotions are marketing and pricing tools commonly used by both manufacturers and retailers. Promotions often take the form of price reductions, loyalty cards, coupons and free gifts, whereas sales are more common for items that have a seasonal character, such as clothing and accessories. From an economic perspective these different tools can serve different purposes. First, they are used as a price discrimination device to separate customers with differing willingness to pay. Second, they can be used as a means to launch new products or services on the market. Third, they can be used to attract customers away from competitors and increase the market share of the firm using these tools. Fourth, they can be an efficient way to clear out any unwanted product stock.

Regulatory intervention regarding these practices typically takes the form of consumer protection legislation. Greek regulation distinguishes the following three commercial practices:

- Promotions: these include initiatives such as free gifts, multi-unit packages at lower unit prices, bundles and loyalty cards, and more generally deals that advertise lower prices for specific products. In practice, these initiatives are more common for groceries.
- Seasonal sales: the legislation applies to all products, except cars, and to the provision of services.
- Discounts: the regulation refers to the communication of price reductions offered by retailers on all products, except groceries, and on services.

Our focus in this chapter is on reviewing the relevant Greek legislation on these three categories of commercial practices and, through the lens of the ‘Unfair Commercial Practices Directive’ (Directive 2005/29/EC),¹⁰ to recommend some principles and the definition of a guide to good practice for firms with the aim of increasing transparency and increasing information available to consumers.

We believe that a more flexible framework regulating promotions, seasonal sales and discounts would enable greater efficiency and reduce administrative burden. Given that the turnover in the retail sector in 2011 was EUR 14.8 billion, a 5% improvement in efficiency could lead to a EUR 740 million increase in turnover.¹¹

2.3.2 Promotions

2.3.2.1 Identified restrictions and their objectives

The legal framework on promotions encompasses a wide range of initiatives that are specific to groceries, including free gifts, multi-unit packages at lower unit prices, bundles and loyalty cards. The regulation applies to groceries and affects both retailers and manufacturers. The restrictions identified in this area are as follows, based on the Rules of distribution of products and services (A2-861/2013):

- Retailers are not allowed to hold a promotion on a given product if the purchase price (*i.e.* wholesale price) of the product has increased over the previous 60 days (article 98, paragraph 8).
- When a multi-pack is offered on promotion, retailers are also obliged to stock and sell individual units of the same product (article 98, paragraph 9).

- When a retailer offers a gift together with a product, the value of the gift should not exceed the value of the product (article 98, paragraph 6).

The current regulation does not explicitly provide the rationale underpinning the regulation of promotions. However, according to the recitals of Market Regulation 5/2011, which was previously in force, the official objective of the provisions above is the need to improve transparency of transactions and to facilitate consumer choice, by clearly showing the benefits accruing from a promotion, therefore enhancing competition.

Finally, we note for completeness that the Greek legislation allows below-cost pricing, either on groceries or other products and services. The relevant provision was abolished by Law 4072/2012.

2.3.2.2 *Harm to competition*

The regulation on the wholesale price of a product may have the unintended consequence of leading to downward price rigidity, since it acts as a barrier for manufacturers and retailers to lower prices. For instance, an unanticipated increase in the cost of raw materials leading to higher wholesale prices would prevent retailers and manufacturers from running a promotion for 60 days following the price increase. In addition, it may lead suppliers and retailers to engage in practices that circumvent the restriction and therefore may not be as effective as the policy maker would hope. For instance, retailers may not pay their suppliers for their products until the promotion has taken place, therefore there would be no purchase price on which to apply the restriction. Finally, it attempts to regulate the relationship between suppliers and retailers, which is a very contentious and unclear area in competition policy. In summary, if the objective of the policy maker is to promote transparency and facilitate consumer choice, as would appear from the legislation, the provision appears a rather indirect way to achieve this aim.

The provisions on multi-packs and on products offered with free gifts restrict firms' marketing strategies in an attempt to protect consumers. In this respect, we note that the provision on multi-packs applies only to promotions but not on multi-packs for which no quantity discount applies. If the objective of these provisions is to ensure that a consumer can compare the promotion price with the price without promotion, the regulation appears unnecessarily intrusive. This objective can be achieved through labels indicating unit prices, which retailers are already obliged to display. Moreover, the regulation may increase retailers' costs (*e.g.* stock, shelf space and packaging) and administrative burden (*e.g.* codes of products).

In our research into European experience with the regulation of promotions, we were able to identify a restriction on wholesale prices, *i.e.* the prices at which retailers purchase from manufacturers as proven by invoices (as in article 98, paragraph 8 of the Regulation) in any EU country examined.¹² Moreover, there is limited evidence on restrictions concerning multi-packs or gifts. In Spain pure bundling is forbidden, unless there is a functional relationship between the products in the bundle. Multi-packs are allowed when this is a commercial practice.¹³ According to French regulation, the value of a gift cannot represent more than 7% of the value of the main product.¹⁴ Even in the absence of specific legislation, these practices are covered by the general European framework on consumer protection, and specifically Directive 2005/29/EC as transposed across the member states, including Greece. While this framework applies to business-to-consumer transactions, it "can be invoked between businesses with regard to conduct they deploy vis-à-vis consumers".¹⁵ In addition, competition law is applicable to business conduct, including marketing and pricing initiatives such as those regulated under the provisions discussed here.

2.3.2.3 Recommendations and benefits

We recommend replacing the restrictions analysed in this section with a guide to good practice providing guidelines on how prices and promotions should be communicated to consumers. A less restrictive framework can result in more opportunities for retailers and suppliers to develop promotion initiatives by reducing their costs and administrative burden. Our indications on the rationale and the advantages of a guide to good practice are provided in Section 2.3.5 below.

2.3.3 Seasonal sales

2.3.3.1 Identified restrictions and their objectives

The Greek legal framework regulates seasonal sales at the national level and applies the law to the sale of all products, except cars, and the provision of services. Article 15, paragraph 1, of Law 4177/2013 specifies four periods during the year when retailers are allowed to hold seasonal sales.¹⁶ In addition, the law forbids the advertisement of discounts for 30 days prior to the beginning of seasonal sales (article 15, paragraph 2).

The current law does not explicitly provide the rationale underpinning the regulation of seasonal sales. However, according to the recitals of Law 3377/2005, which was the previous piece of legislation regulating sales, these provisions have the objective of protecting consumers and small businesses. More specifically, the recitals express the policy maker's concern that many retailers build their commercial strategy around sales and offers, and that consumers may be misled by the announcement of discounts and be induced to buy.

2.3.3.2 Harm to competition

Setting seasonal sales periods by law limits retailers' ability to optimise their stock, to respond to their customers' needs and, more generally, to freely choose their marketing and pricing strategy in order to maximise profits. For instance, setting fixed periods for seasonal sales across the country may not be sufficiently flexible to accommodate the needs of different regions. For example, retailers located in tourist areas may find it more profitable to hold seasonal sales after the summer holidays. This lack of flexibility also harms consumers, since the timing of seasonal sales as set by law may not be in line with evolving consumer behaviour or the seasons.

The ban on advertising in the lead up to the sales prevents retailers from communicating the discounts they plan to offer when sales begin. As a result, consumers need more time during the sales period to shop around in order to discover price information. This increases their search costs and may reduce the intensity of competition during the sales period. The restriction is also made obsolete by technology as retailers may send direct text messages and e-mails, while still formally complying with the ban. According to article 15 of Law 4177/2013 retailers are *allowed* to advertise the old and the new price, but they are not *required to*. On the one hand, this provision is not a restriction to competition on the supply side; on the other hand, it reduces the information available to consumers and lessens competitive pressure. There is substantial evidence in the economics literature that retail advertising leads to lower retail prices (see, for example, Benham, 1972; Kwoka, 1984; Glazer, 1981; Clark, 2007).

An analysis of the applicable regulation in selected European countries indicates that, while there are other EU countries where the legislation prohibits sales outside the periods defined by law, there are also a few countries where retailers can freely decide the period and duration of seasonal sales.

Moreover, in those countries where the periods are defined by law there are no restrictions on the communication of future discounts by retailers.

Box 2.1. Regulation of Seasonal sales in Selected EU countries

Dates of seasonal sales

- It is not unusual for EU countries to set the dates of seasonal sales by law (e.g. Belgium, France, Italy and Portugal). Countries where sales are not decided by law include Germany, the Netherlands, the UK and Spain.
- In EU countries where sales periods are not set by the policy maker (e.g. UK, Spain) the market coordinates a fixed number of seasonal sales during the year.
- Some EU countries (e.g. Italy, France) leave some degree of flexibility to local authorities in setting the dates of seasonal sales.

Ban on advertising

- A few EU countries ban advertising discounts before the start of seasonal sales (e.g. Belgium, France, Italy, Portugal).
- However, these countries do not restrict advertising on future price reductions during sales.

Sources:

Belgium – Market Prices and Consumer Protection Act of 6 April 2010

France – Commercial code, Section 3,

<http://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006146246&cidTexte=LEGITEXT000005634379&dateTexte=20110520>

Italy – Example of regional laws: Law 33 of 18 November 1999 of the Lazio Region; Law 6 of 2 February 2010 of the Lombardy Region

Portugal – Law decree 70/2007 of 26 March 2007

2.3.3.3 Recommendations and benefits

Given the above, we recommend that the relevant provisions be amended as follows:

- The legislation should not set the dates of seasonal sales, but leave each retailer the flexibility to decide when to hold sales.
- The ban on advertising prior to the sales should be abolished.
- As explained in Section 2.3.5 below, the law should be complemented by a guide to good practice providing guidelines on how prices and discounts should be communicated to consumers. This should also cover areas that are not currently provided for in the current legislation, namely an obligation on retailers to indicate the old and new prices during seasonal sales. Our indications on the rationale and the advantages of a guide to good practice are provided in Section 2.3.5 below.

Changing the regulation would enable retailers to respond with more flexibility to demand and to better optimise their sales over the year, with consequent positive effects on cash flow and stock. In addition, past consumer behaviour could be taken into account by retailers when setting dates and the duration of seasonal sales, therefore addressing more precisely customer needs and seasons. Based on the experience of other EU countries that do not set seasonal sale dates by law, retailers can still be expected to hold a fixed number of sales over the year. Moreover, the advertising of prices and the duration of seasonal sales would be governed by consumer protection legislation and the guide to good practice discussed in Section 2.3.5.

2.3.4 Discounts

2.3.4.1 Identified restrictions and their objectives

The framework on discounts regulates retailers' communication of price reductions on all products except groceries, and on services. The restrictions identified in this area are as follows (article 15, paragraphs 3 – 6, of Law 4177/2013):

- Time restrictions: a retailer can advertise discounts on a given set of products for a maximum of ten days. Discounts on this set of products cannot be advertised again for at least sixty days.
- Scope of discounts: a retailer cannot advertise discounts on 50% or more of its products.
- Information to consumers: retailers are forbidden from indicating the discount offered in percentage terms. It is however compulsory to indicate the price before and after the discount.
- Notification procedure: retailers have to send prior notification to the e-prices unit at the Secretariat General of Consumer Affairs of their discount initiatives and have to communicate them on their websites.

The current law does not explicitly provide the rationale underpinning the regulation of discounts. However, according to the recitals of Law 3377/2005, which was previously in force, the objective of the provisions is to ensure that discounts do not result in permanent, and possibly false, sales.

2.3.4.2 Harm to competition

The provisions limit the ability of retailers to advertise discounts and, in consequence, restrict their ability to gain additional revenues when they do offer discounts. The legislation may therefore have the unintended effect of discouraging retailers from offering price reductions, harming both consumers and retailers. In particular, the restrictions constrain retailers' ability to optimise their stock (*e.g.* the 50% limit on products) and to rely on discount initiatives when they need liquidity (*e.g.* the time restrictions). In general, the implementation of the provisions appears difficult to interpret, for instance with reference to the restriction on the scope of discounts and monitoring, and it is therefore unclear whether the provisions serve their intended purpose.

As for consumers, they are negatively affected by the price rigidity induced by the legislation. Moreover, the ban on communicating percentage price reductions limits the information available to consumers. Research from the psychology literature suggests that consumers' choices are indeed affected by the previous price and not only the current price at which they buy. The previous price affects consumers' valuation of the product and consequently their willingness to buy.¹⁷ In fact, the current legislation correctly requires both the past and current prices to be communicated to consumers. However, an indication of the amount of the discount would also assist consumers in making their choices. In addition, the objective of the policy maker appears to be not only to distinguish seasonal sales from discounts but also, more generally, to ensure that consumers are not misled. If this is the case, it is not clear why the indication of percentage price reductions is allowed during seasonal sales but not allowed during discount initiatives.

Finally, we note that Greek legislation as it stands does not allow clearance sales, unless the retailer is under liquidation or closing down its business, as confirmed by a court decision.¹⁸ As an alternative, retailers may wish to offer discounts to clear their stock. However, the current provisions

on discounts are not flexible enough to cover clearance sales, most crucially because they limit discounts to 50% of the products.

The regulation of discount initiatives in the EU countries we have analysed often refers to limitations of the time periods during which discounts can be advertised. However, these requirements are not as restrictive as those identified in the relevant Greek provisions and appear to target more directly the objective of ensuring consumer protection.

Box 2.2. Regulation of discounts in selected EU countries

- In Portugal and Spain, the retailer can set the dates of an offer, with the condition that the offer should not run during a seasonal sale, but must clearly advertise the beginning and end date.
- In Belgium, a discount cannot be advertised for longer than one month.
- In France, the announcement of price reductions should indicate the duration, or the starting date and the quantities available at reduced prices. Alternatively, the retailer should specify that the price reduction is available only until stocks last.
- In Italy, there are no restrictions on discounts.
- The UK does not impose a specific duration of discounts but regulates more broadly how these are conducted, as explained in Section 2.3.5 *Guide to good practice* below.
- As indicated in Box 2.1, a few EU countries restrict the advertising of discounts in the period preceding seasonal sales.
- No restrictions on the scope of products have been identified in Italy, UK, Denmark, Spain or Portugal.

Sources:

Belgium – Market prices and consumer protection act of 6 April 2010

France – Commercial code, Section 3,

<http://www.legifrance.gouv.fr/affichCode.do?idSectionTA=LEGISCTA000006146246&cidTexte=LEGITEXT000005634379&dateTexte=20110520>

Italy – Legislative decree 114 of 31 March 1998 and Law decree 223 of 4 July 2006

Portugal – Law decree 70/2007 of 26 March 2007

UK – *The consumer protection from unfair trading regulations*, 2008 and Department for Business Innovation and Skills, *Pricing Practices Guide*, November 2010.

2.3.4.3 Recommendations and benefits

Given the considerations above, **we recommend replacing the current framework with a guide to good practice providing guidelines on how prices and discounts should be communicated to consumers**. At the same time, the code of practice should meet the same objective of protecting consumers and promoting fair commercial practices. For instance, rather than restricting the timing and scope of discounts, an alternative way of achieving the policy maker's objective would be for the retailer to indicate clearly for how long discounts are valid and the products they apply to. Our indications on the rationale and the advantages of a guide to good practice are provided in Section 2.3.5 below.

Setting clearer guidelines on the information that should be made available to consumers is expected to reduce search costs and therefore lead to more efficient choices, intensifying competitive pressure. As a result, average prices are expected to decrease. Extensive empirical literature documents that lower search costs and high benefits from searches reduce both the price level and its

dispersion (see *e.g.* Brown and Goolsbee, 2002; Sorensen, 2000). Moreover, a less restrictive framework can be expected to result in more opportunity for retailers to offer and advertise discounts, resulting in efficiency gains from improved stock and cash flow management.

2.3.5 *Guide to good practice*

In addition to our recommendations on specific provisions as set out above, **we recommend the development by the competent Greek authorities of a guide to good practice** applicable horizontally to all retailers, independently of the products or services they offer. Consumer and industry associations may be involved in this process. In particular, we envisage a framework similar to the one implemented in the UK, where the competent authority has issued guidelines, The Consumer Protection from Unfair Trading Regulations 2008, which transposes the Unfair Commercial Practices Directive (Directive 2005/29/EC) into UK law, is interpreted. While the guidelines do not constitute legal obligations for retailers, they describe a set of principles and recommend practices which are “expected to be compatible with the Consumer Protection from Unfair Trading Regulations”.¹⁹

The aim of the proposed guide would be to provide retailers with practical guidance on how to avoid unfair commercial practices. For instance, there are certain practices which are considered unfair under EU legislation and Greek law. Some of these are explicitly listed, in a non-exhaustive way, in Directive 2005/29/EC, including among others: (i) bait advertising, where only very few products are available at the discounted price that is advertised and, as a result, consumers may purchase the advertised product at full price; (ii) claiming that a product will be available for a very short time to induce consumers to purchase immediately; and (iii) bait and switch, where the retailer advertises a product at a specified price and then attempts to promote a different product. Other actions may also be considered misleading by the authorities, but are not described in detail in the consumer protection legislation. For example, claiming that a product is sold at a discounted price for a prolonged period of time may be misleading; a retailer should indicate the dates of validity of an offer and if the offer period is extended.

In summary, the content of the guidelines should focus on the truthful communication and advertising of price reductions and other types of promotions. Specifically, we make the following recommendations on pricing and duration of promotions, seasonal sales and discounts:

- According to Greek legislation, retailers are obliged to indicate clearly the “previous” and the “new” price of a product when they offer price discounts (while this is only optional information during seasonal sales). However, the applicable regulations do not specify the definition of “previous” price and this leaves room for communicating misleading information. In order to address similar concerns, a number of EU countries have chosen to include explicitly the concept of reference price in their regulation. **We recommend providing guidelines on reference prices, building on available international experience.** We provide examples of similar provisions in Box 2.3 below.
- Another area that should be tackled is the duration for which discounts are advertised. This question is similar to the concern addressed by the current time restrictions on discounts, as described in Section 2.3.3 above. For instance, the advertising of discounts may take place for a prolonged period. As highlighted in the UK’s *Pricing practices guide* (2010),²⁰ if the new price is available for a period of time which is longer than that for which the previous price was available, there is a question of whether the consumer is misled. A crucial difference between the Greek regulation and the example summarised here is that the Greek provision sets the maximum number of days for which a retailer can advertise discounts. The

UK approach is less intrusive since it defines a flexible guideline which depends on the specific circumstances of the discount being advertised.

The benefits resulting from the introduction of a guide to good practice to replace the prescriptive rules discussed in this chapter would include the following:

- Non-binding guidelines can be used to provide examples of good practices and of misleading behaviour to market players. For instance, a general principle that a retailer should make price comparisons clear and easily readable can be complemented by practical advice, such as a prohibition to refer generically to a “normal price” which is an ambiguous term and does not convey precise information.
- Guidelines can also be used to summarise and explain the legislation applicable to the market. For instance, the guidelines could provide an overview of the applicable legislation, including the framework for consumer protection, and the authorities that oversee its implementation. This would facilitate the identification of the relevant laws and regulations, especially for new entrants.
- From a legal point of view, it would be easier to modify the guidelines than to amend a law, a decree or a ministerial decision. For this reason, a guide to good practice appears more suitable for adapting to changing market practices, and for incorporating recent developments in enforcement.

Box 2.3. Reference prices in selected EU countries

Under UK regulation, traders should avoid giving “false or misleading information, or omitting material information, about price or the manner of calculation of the price for a product, where this causes or is likely to cause the average consumer to take a transactional decision he would not otherwise have taken.” This principle is implemented in practice through recommendations issued by the Government and the Office of Fair Trading. The *Pricing Practices Guide* specifies that when a trader does not explicitly set out the basis for a price comparison, the “previous” price should be the most recent price available for at least 28 consecutive days.

French legislation defines the appropriate reference price as a value which does not exceed the minimum price of the last 30 days before the beginning of the sales. The same definition is also adopted in Portuguese law.

In Spain, the regulation defines the reference price as a price that was applied for at least 30 consecutive days in the previous 6-month period.

Sources:

France – Decree of 31 December 2008 on the announcement of price reductions to consumers

Portugal – Law decree 70/2007 of 26 March 2007

Spain – Law 7 of 15 January 2006

UK – *Consumer Protection from Unfair Trading Regulations* 2008; Department for Business Innovation and Skills, *Pricing Practices Guide*, November 2010.

2.4 Over-the-counter medicines and dietary supplements

Over-the-counter medicines (OTCs) or non-prescription medicines are defined as drugs which are safe and effective for use by the general public without a consultation with a health professional. Many of the OTCs available in the market have been available for a long time with long records of efficacy and safety.

In Greece, according to data from the Association of the European Self-Medication Industry (AESGP), the value of the non-prescription medicines market was EUR 372 million in 2012. OTCs in Greece accounted for 11.9% of the total sales of medicinal products in 2012, compared with 10.6% in 2009.

Despite its growth, the share of the OTC market in Greece remains among the lowest in Europe, where on average about 16% of the value of medicines corresponds to drugs available without prescription (Figure 2.3). The share in each country, however, not only reflects local preferences and market conditions, but is also associated with regulation, as the range of ingredients classified as OTC and the legal possibility of engaging in parallel exports differs across the EU member states.

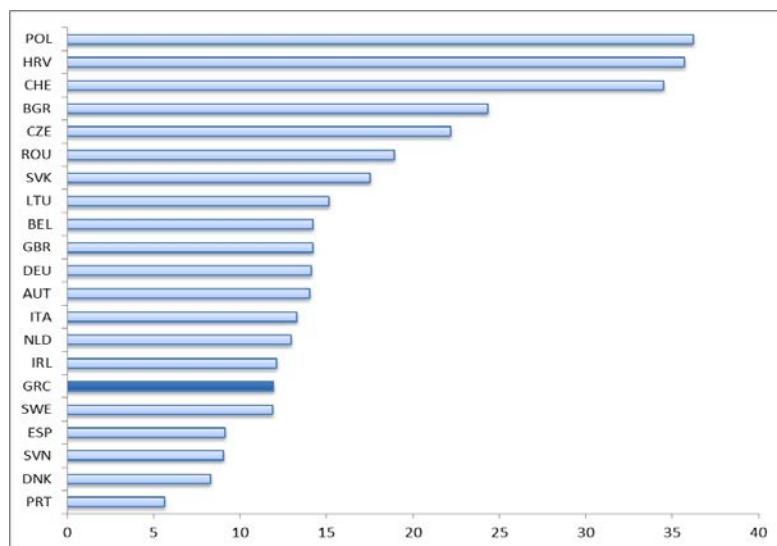
2.4.1 Identified restrictions in OTC medicines and dietary supplements

Under Greek legislation, the pricing, promotion, distribution and advertising of non-prescription medicines are explicitly regulated. OTC medicines and dietary supplements are sold exclusively through pharmacies with very few exceptions (*e.g.* herbal nutritional supplements). They are not eligible for reimbursement.

In addition, their prices (as for all pharmaceutical products in Greece) are set according to a reference price system: the ex-factory price is the sale price of importers, producers and packagers to the wholesalers and is defined based on the wholesale price reduced by 7.24%. The ex-factory price of patented drugs is fixed at a price equal to the average of the three lowest ex-factory prices among EU member states, whereas the price of unpatented medication is set in reference to the maximum price of the corresponding patented drug in Greece over a period of time. According to recent legislation, the profit margin for OTC products is set as a maximum percentage of 7.8% of the ex-factory price for wholesalers and at a maximum percentage of 35% of the wholesale price for pharmacies. Nevertheless, the recent legislation does not define how the ex-factory price of OTC products is determined.²¹

The drugs price bulletin, which sets the prices of all medication, including OTCs, is prepared quarterly by the National Organisation of Medicines (EOF). In order to classify as an OTC, a medicine should be circulated as such in at least five other EU member states. Meanwhile, a fee of 4% on the wholesale price is paid by the producers, packagers and importers of medicines in favour of the National Association of Pharmacists. In addition, the producers, packagers and importers of medicines should provide the pharmacies, wholesalers and associations with a credit period of at least two months, while the same also applies for the transactions between wholesalers and pharmacies. The pharmaceutical companies should also provide the authorities with trade data, such as sales volume, sales value and costs.

Figure 2.3. Sales value of non-prescription medicines as % of total pharmaceutical market for 2012



Note: The sales data is calculated using retail prices, with the exception of Belgium, Poland, Switzerland, UK (ex-factory price) and Greece (wholesale prices). The figures refer to the year 2012 for all countries, except for Portugal (first three quarters of 2012), the Czech Republic, Ireland, the Netherlands and Slovakia (2011).

Source: Based on AESGP (2013), *Market Data* (database), <http://goo.gl/BLmkK> (accessed 2 September 2013).

Lastly, restrictions stricter than those required by European legislations are imposed on the parallel import of a pharmaceutical preparation. To approve the parallel import of a product, the Greek authorities require, among other things, that it is manufactured by the same producers or by a factory that belongs to the same group of companies and that have the same name as the product already traded in another EU member state. In contrast, the European Commission, in its communication COM(2003)839, notes that the simplified procedure of parallel imports is justified by the fact that the product in question has already received a marketing authorisation on the basis of full technical information. To qualify for this simplified procedure, the Commission requires that the parallel imported medicinal product satisfies two conditions: it has been granted a marketing authorisation in the member state of origin and is sufficiently similar to the product that has already been marketed in the member state of the destination. The similarity between the two products is considered to be sufficient when both have been manufactured according to the same formulation, using the same active ingredient and have the same therapeutic effects.

The fundamental purposes justifying regulation of non-prescription medicines concern the safeguarding of quality, safety and public health (WSMI, 2007). As in the case of prescribed medicines, the quality and efficacy of OTC medicines are subject to stringent standards, as they are medications used for treatment, mitigation or prevention of disease.

In the absence of supervision by a healthcare professional, the regulator's challenge is that the use of medications by consumers may be associated with the risk of intended or unintended misuse and suboptimal clinical outcomes (Brass, Lofstedt and Renn, 2011).

Given these risks, the World Health Organisation has published a list of 12 core policies to promote more rational use of medicines (WHO, 2002). These policies are not just about OTC medicines, as inappropriate self-medication is only one of five common types of irrational medicine uses: prescription of too many medicines per patient; use of antimicrobials for non-bacterial

infections; overuse of injections; and failure to prescribe in accordance with clinical guidelines. Meanwhile, it is explicitly recognised that the problem of inappropriate self-medication often applies to the use of prescription-only medicines as well.

WHO core policies place a great emphasis on educating both prescribers and users about the risks and benefits of medicines. The policies also contain recommendations on the institutional set-up of policies for medicine use, urging the establishment of a multi-disciplinary national regulatory authority, drugs committees in hospitals and independent drug information centres. The core policies on the rational use of medicines do not make explicit recommendations regarding legislation that could be potentially harmful to competition, such as pricing and distribution restrictions. One possible exception to this is the recommendation that medicine traders should be licensed to ensure stocking and dispensing standards, which could be potentially harmful, depending on its implementation.

Apart from the protection of public health, medicine policies serve other objectives as well. According to the European Commission Working Group on Pricing and Pharmaceuticals (European Commission, 2008), pricing decisions should aim to achieve three objectives:

- optimal use of resources to maintain sustainable financing of healthcare
- access to medicines for patients
- reward for valuable innovation

The decision not to reimburse for OTC medicines, with the patients bearing the full cost of the therapy, is aimed at meeting the first objective – maintaining a financially sustainable healthcare system. Meanwhile, the regulation of ex-factory prices aims at keeping the cost of therapies low for patients. However, fixing the maximum retail trade margin at relatively high levels runs counter to this objective as, given the limited potential for price competition between pharmacies, it could raise the cost of therapy. Some justification for fixing the trade margins can be found in terms of the second objective – better access to medicines – as this contributes to maintaining an extensive pharmacy network by propping up the profitability of the pharmacies, while also preventing retailers in remote locations from extracting excess profits from their customers (the people who need the medicines). Hence, price regulation may not necessarily lead to lower prices per unit of an active ingredient, as the need to support the profitability of pharmacies could lead to higher trade margins, while bigger packages may not be supplied to the market in a more restrictive regulatory environment. Meanwhile, even if regulation achieves low prices, this might be detrimental to the second and third policy objective, by limiting the incentives for innovation and the availability of medicines.

2.4.2 *Harm to competition*

Given the importance of medicines for human health, it is not surprising that in most countries their supply is heavily regulated. In the EU, the legal framework regulates many of the stages of the development of a medicine from the laboratory to the patient's blood stream, laying down harmonised provisions in areas such as authorisation of new medicines, manufacturing, wholesaling and advertising. Still, in the retail segment of the market, the EU regulatory framework allows for substantial cross-country variation, particularly regarding the marketing and pricing of OTC medicines.

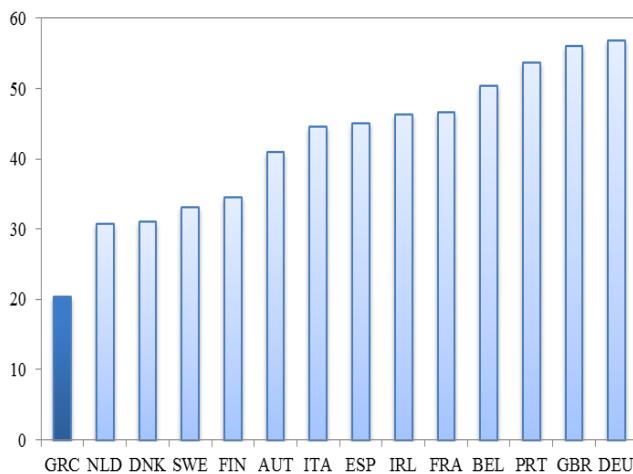
Three key cross-country variations are observed in relation to OTC regulation:

- categorisation of drugs as OTC
- sales channels where the sale of OTC medicines and dietary supplements is allowed

- pricing policy (liberalised or regulated)

The classification of the medicinal products as OTC varies significantly across countries. AESGP maintains a database of the classification of medicinal ingredients as OTCs, Rx (prescription only) or N.R. (not registered) in a number of countries. In its 2011 compilation for 14 EU countries and for 230-235 ingredients, Greece was the country with the lowest number of ingredients classified as OTCs (Figure 2.4).

Figure 2.4: Percentage of ingredients classified as OTC in 14 EU countries as of 1 January 2011



Source: Based on AESGP (2013), *Legal Classification Status of Selected Ingredients in Europe - List 1* (database), <http://goo.gl/rbAXTq> (accessed 20 April 2013).

In particular, only 20.3% of the ingredients in the AESGP list were classified as OTCs in Greece. The Netherlands and Denmark came next in this ranking with 30.8% and 31.0% respectively. At the other end of the spectrum, the longest OTC list was recorded in Germany (56.9% of the ingredients in the list were classified as OTCs) and in the UK (56.0%).

The requirement for an OTC medicine to circulate without prescription in at least five other EU member states seems to be the key legal impediment for having so few ingredients classified as OTCs in Greece. This restriction also creates a major disincentive for innovation by Greek manufacturers, who would first need to penetrate other EU markets with their OTC products before gaining such a status in Greece. Stricter rules than in the EU on the parallel importation of pharmaceuticals constitute one more piece of legislation that raises the barriers to entry in this market and limits the availability of OTC medicines in Greece.

Regarding the distribution channel, depending on the regulations of each country, OTC medicines are being sold in drugstores or para-pharmacies (*i.e.* retail stores specialising in medicinal products, without an in-store pharmacy), supermarkets, convenience stores, petrol stations, by mail-order and even through the Internet. According to the latest available data, OTC medicines are sold exclusively through pharmacies in ten out of 28 European countries (see Table 2.1). Among the remaining countries of the sample, the OTC distribution is also quite restricted in Latvia and Spain, where apart from pharmacies there is also a provision for the Internet sale of drugs (including OTCs), but either by pharmacies (Latvia) or only after a consultation with a pharmacist (Spain). At the other end of the spectrum, all four distribution channels discussed here (drugstores, supermarkets, convenience stores-petrol stations and mail order-Internet) are allowed in the UK and Hungary.

The majority of European countries thus allow the distribution of OTC medicines outside pharmacies, yet most of them impose restrictions on at least one of the alternative channels. Drugstores are not a distribution channel in 63% of the countries in the sample. In contrast, supermarkets are the least restricted distribution channel, with 15 of the 28 countries blocking it. Meanwhile, the restriction to sell dietary supplements only in pharmacies was not found to hold in any other EU member states in a non-exhaustive survey of national legislation. For an estimation of the impact of regulation on OTC prices by means of a quantification study, see Annex B to this chapter.

Table 2.1. Distribution channel restrictions for the sale of OTCs in the European Union

Country	Drugstores	Supermarkets	Convenience stores/petrol stations	Internet/mail-order
Austria	Restricted	Restricted	Restricted	Restricted
Belgium	Restricted	Restricted	Restricted	Restricted
Bulgaria	Allowed	Restricted	Restricted	Allowed
Cyprus ^{1,2}	Restricted	Restricted	Restricted	Restricted
Croatia	Allowed	Restricted	Restricted	Restricted
Czech Republic	Allowed	Allowed	Allowed	Restricted
Denmark	Restricted	Allowed	Restricted	Allowed
Estonia	Restricted	Restricted	Restricted	Restricted
Finland	Allowed	Restricted	Restricted	Restricted
France	Restricted	Restricted	Restricted	Restricted
Germany	Allowed	Allowed	Restricted	Allowed
Greece	Restricted	Restricted	Restricted	Restricted
Hungary	Allowed	Allowed	Allowed	Allowed
Ireland	Allowed	Allowed	Allowed	Restricted
Italy	Restricted	Allowed	Allowed	Restricted
Latvia	Restricted	Restricted	Restricted	Allowed
Lithuania	Restricted	Restricted	Restricted	Restricted
Netherlands	Allowed	Allowed	Restricted	Allowed
Norway	Restricted	Allowed	Allowed	Restricted
Poland	Allowed	Allowed	Allowed	Restricted
Portugal	Restricted	Allowed	Allowed	Restricted
Romania	Restricted	Restricted	Restricted	Restricted
Slovakia	Restricted	Restricted	Restricted	Restricted
Slovenia	Restricted	Restricted	Restricted	Restricted
Spain	Restricted	Restricted	Restricted	Allowed
Sweden	Restricted	Allowed	Allowed	Allowed
Switzerland	Allowed	Restricted	Restricted	Allowed
UK	Allowed	Allowed	Allowed	Allowed

1. Note by Turkey: *The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".*

2. Note by all the European Union member states of the OECD and the European Commission: *The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.*

Source: IELKA (2012), Morak (2009), PPRI (2007a; b; c; d, 2008), Tisman (2010).

Only four out of 30 European countries impose controls at ex-factory, wholesale and pharmacy levels (Table 2.2) for non-reimbursable OTC medicines. Six more countries in the sample restrict the trade margins of wholesalers and retailers of non-reimbursable OTC medicines, without controlling the ex-factory prices. Still, the majority of the countries in the sample – 20 out of 30 – do not impose price controls.

The three key OTC regulation issues – length of OTC list, OTC distribution channels and price regulation – have a strong impact on market concentration, variety, availability, prices, investment and employment. The restrictions on the channels allowed to distribute OTCs significantly reduce the potential number of competing entities in this specific market. Taken alone, the OTC regulation and in particular the restriction on the distribution channels thus increases concentration in the market.²²

Table 2.2. Price controls of non-reimbursable OTC medicines in Europe

Country	Ex-factory price controls	Wholesale profit margin controls	Pharmacy profit margin controls
Austria	Absent	Present	Present
Belgium	Present	Present	Present
Bulgaria	Absent	Absent	Absent
Croatia ^{1,2}	Absent	Present	Absent
Cyprus	Absent	Absent	Absent
Czech Republic	Absent	Absent	Absent
Denmark	Absent	Absent	Absent
Estonia	Absent	Present	Present
Finland	Absent	Absent	Absent
France	Absent	Absent	Absent
Germany	Absent	Absent	Absent
Greece	Present	Present	Present
Hungary	Absent	Present	Present
Iceland	Absent	Absent	Absent
Ireland	Absent	Absent	Absent
Italy	Absent	Absent	Absent
Latvia	Absent	Present	Present
Lithuania	Absent	Absent	Absent
Luxembourg	Present	Present	Present
Malta	Present	Present	Present
Netherlands	Absent	Absent	Absent
Norway	Absent	Absent	Absent
Poland	Absent	Absent	Absent
Portugal	Absent	Absent	Absent
Romania	Absent	Absent	Absent
Slovakia	Absent	Absent	Absent
Slovenia	Absent	Absent	Absent
Spain	Absent	Present	Present
Sweden	Absent	Absent	Absent
United Kingdom	Absent	Absent	Absent

1. Note by Turkey: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

2. Note by all the European Union member states of the OECD and the European Commission: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Source: PHIS (2010), *Pricing Policies* (database), <https://phis.goeg.at> (accessed 10 Jun 2013).

Theoretically, it is possible that the revenue stream of some pharmacies in a liberalised market scenario would not be sufficient to cover their overhead costs. The regulated margins of the pharmacies on prescription drugs ensure that the retail price is sufficiently high for them to recoup the cost of goods sold, yet it might not be sufficient, without the full OTC turnover, to also cover the remaining costs, resulting in a reduction of the network. This implies that the OTC restrictions might in fact lower market concentration in the prescription drugs segment, by securing sufficient additional revenue to keep some of the existing competing entities in the market alive.

Judging from the experience with the liberalisation of the OTC market in Italy, this effect would probably be limited, at least in the short-term. In 2007 the market share of hypermarkets in OTC sales was limited to 1.6%, while the para-pharmacies gained 1.4%, with the lion's share of the market (97%) remaining with the pharmacies. Meanwhile, 3 700 more outlets were selling OTC products less than two years after the passing of liberalisation reforms (Box). A similar boost of new outlets was observed in Portugal, where nearly 800 new outlets opened shortly after liberalisation, most with independent ownership (Box).

Box 2.4. The liberalisation of the OTC market in Italy

In Italy the non-prescription pharmaceutical market was liberalised as part of the wide-ranging Bersani reforms in 2006 and 2007. The reforms allowed retail outlets other than pharmacies to sell OTC medicines and eliminated the discount limit (20%) off the pre-printed retail price on the pharmaceutical packages, while the requirement to print prices for OTC products was also lifted.

Already by 2008 over 3 700 retail shops other than pharmacies were selling OTC medicines (compared with 17 000 pharmacies). The expansion was not dominated by supermarkets and retail chains, as 86% of the newly opened outlets were small shops. Meanwhile, prices declined by 6.6% between 2007 and 2008, with the retail price for pharmaceutical products increasing far less rapidly than the overall consumer price index.

The largest price discounts after liberalisation were observed in hypermarkets and other large-scale distribution outlets – 22% on average. The small retail outlets, specialising in OTC products (*parafarmacie*) were offering a more limited discount – 15.8% on average – as they lacked economies of scale. Most pharmacies also resorted to price discounts (up to 10%) in order to compete in the market, with 13% of the pharmacies offering 15–20% discounts on average due to tougher competition in their locality.

Source: OECD (2009), *Italy: Better Regulation to Strengthen Market Dynamics*, OECD Review of Regulatory Reform, OECD, Paris. <http://dx.doi.org/10.1787/9789264067264-en>

The restrictions also affect the variety and availability of medication and dietary products in the Greek market. The regulated OTC price might keep a medicine out of the market, when it is not sufficient to compensate the supplier for the incurred cost. The number of substances that are not registered on the Greek market is indeed higher than in a number of other European countries (Figure 2.5). This implies that the therapeutic outcome for some patients may well be worse than under a more liberalised policy environment, with a serious non-price impact on welfare.

Making OTC medicines and dietary products available only in pharmacies also has an impact on the ease with which a consumer can purchase a pharmaceutical or dietary product. Disallowing channels such as supermarkets, convenience stores and petrol stations makes the distribution network for OTC products sparser. This increases welfare costs to consumers, as they cover a longer distance to make their purchases, spend more time in the process and incur travelling costs. This burden (in terms of time and travel costs) is lower in areas such as city centres with a dense network of pharmacies, yet can be substantial in suburbs and rural areas.

Box 2.5. The liberalisation of the OTC market in Portugal

A new form of retail outlet for non-reimbursable OTC medicines – parapharmacy – was introduced in Portugal in mid-2005, while mail-order and online OTC sales were made legal in 2007. To ensure control, liberalisation included the restriction that one qualified pharmacy technician should supervise no more than five outlets in a radius of 50 km. OTC prices were also liberalised as part of the reforms.

The parapharmacies could be street shops, outlets in shop-in-shop malls or stands in supermarkets. In the year following the beginning of reform 186 parapharmacies opened, while in 2007 the number of new outlets jumped to 613. From the parapharmacies that had opened up until 2007, 71% were street shops, 23% were stands in supermarkets and 6% were located in other stores. Independent shops made up 67% of the new outlets (Martins, 2008).

While the OTC prices in most pharmacies seem to have remained largely unchanged after the reforms, several market segments have been selling at a discount compared with the pharmacies. Shortly after the reform - in the first half of 2007 - the price of certain OTC medicines was lower in supermarkets than in pharmacies by 3.2% (Aspirin) to 4.6% (Trifene), with the discount on a popular multivitamin preparation standing at 3.9% (Martins, 2008).

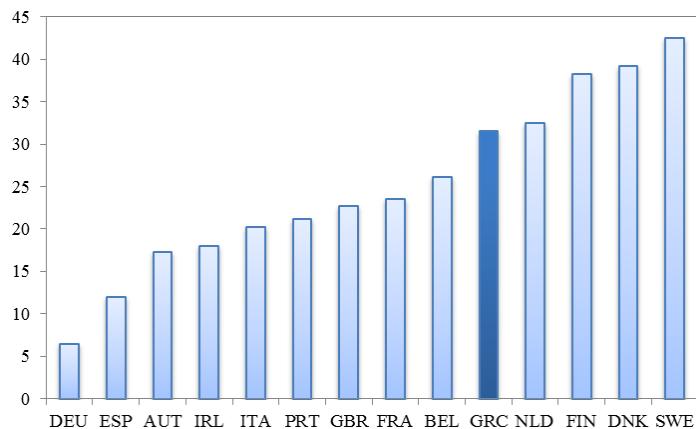
The price difference between pharmacies and non-pharmacies was sustained over the years. In early 2011, the OTC prices in non-pharmacies were lower by 5.7% than in pharmacies in the Lisbon area. Meanwhile, a competition effect was also observed in the pricing of the traditional retail outlets for drugs as well, as pharmacies facing a non-pharmacy among the closest competitors were charging on average 1.4% lower prices than a reference group of pharmacies.

Source: (Moura, Barros and Nunes (2011). "The price effects of liberalization in the OTC market", paper presented at the 12th National Conference on health Economics, Lisbon, 13-15 October, 2011. <http://12cnes.apes.pt>

The regulations have a direct impact on the prices of OTC medicines and dietary supplements, which in turn affect consumer welfare. Alternative distribution channels might be able to operate with lower margins; a supermarket network can spread its unit cost of operation over a significantly larger volume of sales. As long as there is a healthy degree of competition in the overall OTC market, competition rather than price regulation would keep profits in check.

In addition, the 4% fee collected from producers, packagers and importers in favour of the National Association of Pharmacies reduces the transparency of public finances, impeding their effective control, as it obliges the state to collect and redistribute amounts between parties that are not part of the general government or the social security sector. Under a free pricing regime, the fee would be passed on to retail prices, distorting consumer choice and creating inefficiencies. Meanwhile, the obligation of the pharmaceutical companies to provide the authorities with trade data is also harmful to competition, particularly in free-pricing regimes, as it enables the formation of cartels by facilitating monitoring of each other's activity by cartel members.

Figure 2.5: Percentage of unregistered ingredients in 14 EU countries



Source: Based on AESGP (2013), *Legal Classification Status of Selected Ingredients in Europe - List 1* (database), <http://goo.gl/rbAXTq> (accessed 20 April 2013).

Whether the stricter regulatory framework leads to higher or lower prices is a matter of empirical investigation. Indications on this can be found in the international experience of OTC medicine market liberalisation. In Italy, shortly after the reforms OTC prices fell by 6.6% on average, with the large retail stores offering discounts of 22% on average (Box). Large price differences of about 10-30% between alternative channels and pharmacies were also observed in the UK following the lifting of the retail price maintenance in 2001 (Box). In Denmark, OTC prices fell by 5-15% following the liberalisation of the market in 2001 (OECD, 2005), while in Hungary the liberalisation experience points to OTC price decreases as well, as the trade margins of the pharmacies declined after the reforms (Pető, Villa and Szathmáry, 2011).

Box 2.6. The OTC medicine market in the UK

In the UK non-prescription medicines are divided into two categories. The pharmacy-only category refers to medicines (P-medicines) that do not require a prescription, however they cannot be sold outside pharmacies because of the active ingredient, the strength of the drug, the instruction for its use or its package size. In contrast, medicines on the General Sales List (GSL) can be sold outside pharmacies, provided that the outlet is a shop that can be locked. Supermarkets are also active in selling P-medicines through in-store pharmacies.

After the abolition of retail price maintenance in April 2001, by the end of the year the prices of P-medicines in supermarkets dropped to below 20% of their price in independent pharmacies. For a basket of P-medicines, GSL goods, health and beauty products, and multivitamins, the prices in supermarkets were lower by about 15% at the end of 2001. By 2006, the price gap between supermarkets (but not convenience stores) and independent pharmacies stood at about 10% for P-medicines and about 29% for GSL goods.

Source: DotEcon, 2010.

In Portugal, the OTC prices in most pharmacies seem to be largely unchanged after the reforms, however the new market segments are selling at a smaller discount compared with pharmacies (Box). Even in France, where the liberalisation of the OTC market was largely limited to lifting price restrictions, with pharmacies remaining the exclusive distribution channel, the average price for OTC drugs decreased by approximately 3.2% in the months following liberalisation (Box). In contrast, in Norway where prices were also liberalised without initially opening up the distribution channel, OTC prices initially increased (OECD, 2005).

Box 2.7. The liberalisation of the OTC market in France

A rather limited form of liberalisation took place in France in 2008. AFSSAPS, the French agency for the safety of Health products, took on the responsibility of drawing up an OTC list. Pharmacies were allowed to sell OTC drugs, placing them on clearly identified shelves with direct client access; however the retailers were also obliged to display instructions on the shelves for the prudent use of OTC medicines.

Pharmacies remained the exclusive trading channel for OTC drugs; however the OTC prices were deregulated. The percentage of pharmacists who took advantage of the liberalisation increased from 20% in September 2008 to 47% in October 2009. Even though the price competition was limited only to the pharmacy segment, overall OTC prices declined by about 3.2% between April 2008 and January 2009.

Source: Pichetti, 2009.

The international evidence largely points to a decrease in prices, due to the fact that supermarkets and other large retail outlets can offer discounts by operating at lower profit margins than pharmacies. Hence, the profit margins for OTCs in Greece are worth a closer look.

Wholesalers in Greece enjoy a maximum 7.8% margin over the ex-factory price, while the maximum margin for pharmacies is fixed at 35% of the wholesale price. Taking into account that there is also a VAT on drugs of 6.5%, the combined maximum margin of wholesalers and pharmacies, expressed as a share of the final retail price, amounts to 29.4% (24.3% for pharmacies and 5.0% for wholesalers).

In contrast, the combined margin of wholesale and retail trade for drugs in EU-27 (OTC and prescribed) averaged 25.3% (EFPIA, 2012). The wholesale margin in Greece is lower by 0.7% of the retail price, but the margin for pharmacies is higher by 4.8% of the retail price, leading to an overall excess of margins and, by extension, of price in Greece by about 4.1%.

An alternative way of approaching the potential harm of high OTC medicine prices is to compare the trade margins of pharmacies with those of Greek supermarkets, taking the higher EU margin for the wholesalers as a representative counterfactual for that segment of the value chain in a liberalised Greek scenario. The gross profit margin for supermarkets²³ amounted to 23.9% in 2012. Bearing in mind that a 35% margin over the wholesale price translates into a 25.9% margin of the pre-VAT price; this implies that, with all other things being equal (*i.e.* for the same ex-factory price) the supermarkets could have a lower price per pharmaceutical package by 2.0% on average. The difference is even greater for larger supermarket chains, as the gross profit margin of the top 10 supermarkets in 2011 stood at 21.6%, implying a price difference of 4.3%.

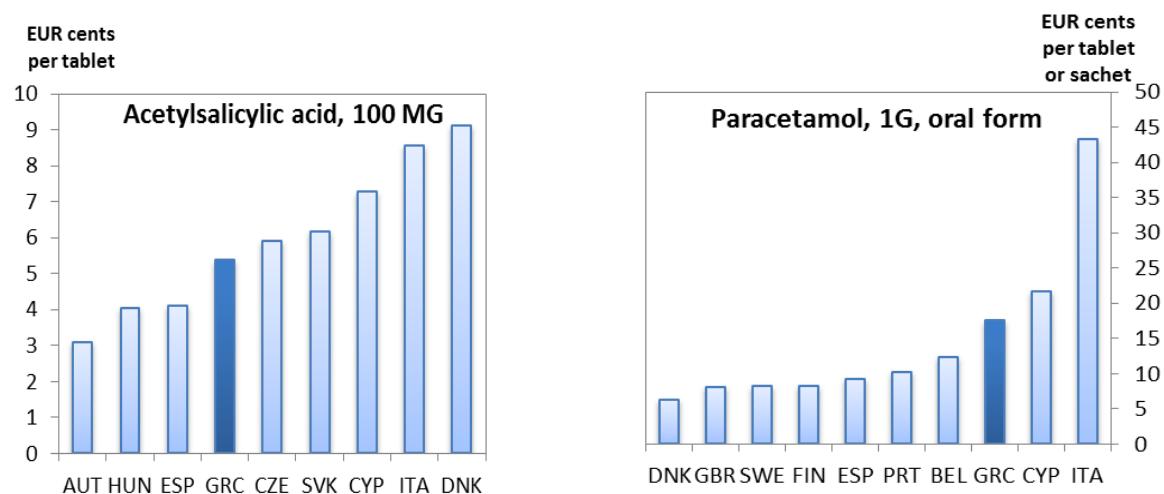
The international evidence largely rules out the possibility of observing a price increase as a result of liberalising the OTC market, yet it is too segmented to enable estimation of the price differential across regulatory regimes. Meanwhile, the comparison of trade margins suffers from ignoring possible differences in ex-factory prices.

Still, it is not very instructive to draw general conclusions on whether a particular regulatory regime is more expensive or not through a direct comparison of retail prices of particular pharmaceutical preparations across countries, due to the significant differentiation of packages that the companies offer in each market. Such an approach would also suffer from a selection bias, as the cost ranking of countries differs across different drugs.

It is worth noting that in several of the cheaper markets there are no price controls for OTC medicines. The unfavourable performance of Greece in terms of price is also greatly influenced by the fact that, according to data provided by Minte Ltd. (2013), packages containing a larger number of pills are unavailable in Greece. As larger packages have a lower price per pill due to economies of scale, the unavailability of larger packages in a market pushes up the average unit price of a product.

On the other hand, Greece performs much better in the price ranking of other popular OTC medicines. Greece is the fourth cheapest country among the nine EU member states for similar pharmaceutical preparations. Within a sample of countries with available data, the countries imposing some kind of price control do achieve lower pre-tax retail prices than in the liberalised markets.

Figure 2.6. Pre-tax retail price of popular OTCmedicines in 2013



Source: Based on Minte Ltd. (2013), Database of Medicine Prices.

Moving beyond the analysis of specific drug cases, the OECD used statistical methods to estimate the impact of regulation on prices, using a large sample of pricing data on non-reimbursable, non-prescription medicines from a sample of European countries over the period 2009-13. The analysis indicates that in fully regulated regimes the retail prices of OTC medicines are higher by 27.6% on average, in part due to the lower availability of larger packages. Given the size of the Greek OTC market (EUR 372 million²⁴) and assuming that on the margin the demand for OTC medicines is not responsive to prices (*i.e.* it is primarily driven by medical conditions), the annual loss of consumer welfare from the regulation is thus estimated at EUR 102 million.²⁵ This estimate is not derived from a full cost-benefit analysis and, in particular, it does not take account of the potential negative effects on producers and pharmacists.

Restrictions in the OTC market also have an impact on investment and employment in the Greek economy. The reduced range of products allowed for distribution in Greece as OTC medicines and the requirement for previous circulation in at least five other EU member states discourage investment by manufacturers in products tailor-made for the tastes of Greek consumers. Investment and economic activity are also reduced at the retail segment of the value chain, as the restrictions on the distribution channel prevent the opening and operation of non-pharmacy outlets. Meanwhile, the unutilised output potential in both the manufacturing and the retail segments of OTC medicines and dietary supplements implies permanent job losses in these segments, with knock-on effects across the economy in sectors such as advertising, construction and real estate.

2.4.3 Recommendations

The availability of medicines without prescription is an important part of health care, responding to the growing willingness of people to take more responsibility for their own health. Alongside the risks of the use of non-prescription medicines presented earlier, there are also a number of associated benefits such as the ability to self-treat commonly occurring conditions such as colds, headaches, allergies, heartburn, dermatitis and gastrointestinal issues. With more self-medication in place, the health care system can focus its resources on the diagnosis and treatment of diseases requiring the involvement of a physician. Further benefits include enhanced individual responsibility and economic benefits for the health care system.

In light of the above benefits and given the lack of evidence on the effectiveness of price controls, the OECD recommends:

- **Amend the requirement that an OTC medicine should be circulated as such in at least 5 EU member states.** The decision whether a pharmaceutical product can be sold over-the-counter or not should be based on analysis of the scientific committee of the national organisation of medicines (EOF) without additional restrictions regarding its status in other EU countries. To speed up the approval process and reduce the administrative costs of the drug approval system, the provision can be amended so that the OTC status in other countries can serve as a sufficient condition, as opposed to a necessary requirement, for its approval in Greece. In particular, a substance should be categorised as an OTC medicine or dietary supplement in Greece if it is supplied in at least three other EU countries without prescription, unless the EOF provides a reasoned objection to this effect. Lifting this restriction would encourage product innovation over the long term, with an impact on investment and jobs in the manufacturing sector and across the economy. The approval of the parallel imports of OTC products should also be brought into line with the less strict EU requirements to further boost the availability of OTC substances for Greek consumers and to strengthen price competition in the market.
- **Lift the restrictions on the pricing of OTC medicines.** The empirical evidence indicates that the support of the pharmacy network through fixed trade margins, and the weakened competition that it brings, tend to lead to higher retail prices on average. Moreover, the European Commission Working Group on Pricing and Reimbursement, after a three-year consultation process, reached the conclusion that price competition can steer price evolution sufficiently well for non-reimbursable medicines, such as OTCs. It thus recommended that the EU member states should abstain from controlling the prices of these medicines (European Commission, 2008). Given that the restrictions remain in place for prescription medicines, pharmacies should have a sufficient income stream to support their operation, even in remote areas, without making excess profits from the consumers of OTC medicines and dietary products. Moreover, maintaining the price restrictions would be inconsistent with opening up other retail distribution channels, as such a half-measured reform would provide excessive profit margins for supermarkets and other retail outlets. Having a free-pricing regime also implies that the obligation of pharmaceutical companies to notify the authorities on their sales volume and value should be abolished for OTC substances sold to the final consumer through retail outlets. **The 4% fee in favour of the National Association of Pharmacists, should also be scrapped.** The National Association of Pharmacists should fund its activities through fees paid by its members and through fees paid for services that it provides, rather than through taxation that distorts prices.

Allow the sale of OTC medicines and dietary supplements in retail outlets other than pharmacies. Public authorities will continue to limit the risks of self-medication by granting or refusing to grant OTC status to pharmaceutical preparations. The sale of dietary supplements and of medicines characterised as OTCs due to the low risk of self-medication from their use should be liberalised. This also implies that the minimum credit period for transactions along the OTC supply chain should be lifted, given the entry of supermarkets and other entities in the market. Optionally, to further reduce further the risks of self-medication, the authorities could impose the requirement to non-pharmacy retail outlets of selling the OTC medicines in a dedicated space, clearly marked with warnings against the imprudent use of medicines. The risks of self-medication can be further limited by restricting the sale of certain OTC products to stores specialised for this purpose (parapharmacies and in-store pharmacies in supermarkets), with the requirement that these stores be supervised by pharmacies. The experience of other European countries indicates that opening up the retail channel will bring more investment (both in shops and in advertising/promotions, etc.), more employment, and better access for consumers.

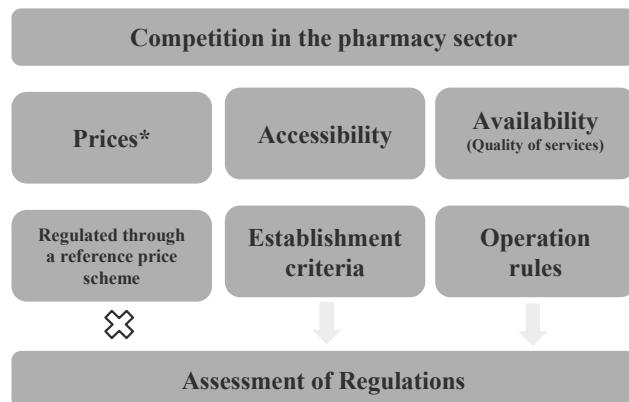
- To ensure that sufficient standards of stocking and dispensing medicines are maintained, the Greek authorities may also consider **introducing a licensing procedure for the trade of OTC products outside pharmacies.** To minimise the administrative burden, licences could be granted to the retail outlets free of charge, without need for prior approval. In case that the standards for stocking and dispensing medicines are violated, the authorities would be in the position to impose fines and, in cases of persistent non-compliance, to revoke licences. Opening up the retail distribution channels would significantly improve access for consumers to low-risk medication. It would also help to keep prices in check, while stimulating investment in new retail outlets. Economic activity will receive a boost in both the OTC sector and in sectors along its supply chain (such as advertising), translating into more jobs across the economy.

2.5 Pharmacies

2.5.1 *Description of the sector*

The pharmacy sector differs from other retail markets due to its regulatory and operating environment in which the largest proportion of turnover comes from government-funded remuneration for prescribed medicines. Hence, for prescribed drugs pharmacies compete mainly in non-price dimensions, such as their location and the convenience and services they provide to consumers. However, pharmacies also sell a variety of other products such as cosmetics, (non-prescribed) OTC drugs, vitamins, food supplements, baby milk and other baby-related products. In Greek pharmacies approximately two-thirds of turnover comes from the sale of medicines, whereas another 10-15% from the sale of cosmetics.²⁶ In that respect, they are comparable to or directly compete with other traditional retail trade outlets. Therefore, the regulatory and operating environment needs to evaluate these two business aspects of modern pharmacies.

Figure 2.8: Competition issues in the pharmacy sector in Greece



Note: (*) Prescribed and OTC medicines.

In this report we focus on the legal provisions related to accessibility and availability (quality) of services provided by pharmacies. Accessibility is affected by establishment rules, such as ownership requirements, geographic and demographic criteria and minimum distances between pharmacies. Availability refers to issues related to the services provided by pharmacists primarily based on convenience, trading hours and the number of employed staff. Pricing competition of pharmaceutical products is beyond the scope of this project, as pharmaceutical expenditure is covered by social insurance funds and the pricing policy for prescription medicines follows a reference price scheme (see Figure 2.8).

According to the latest available data, in 2011 there were 11 315 pharmacies in Greece, which corresponds to approximately 1 000 inhabitants per pharmacy. Over the period 2004-11 the number of pharmacies also increased by more than 2 100 – almost 300 new pharmacies per year. This is probably related to the amendment of the law that allowed for a higher number of pharmacies per inhabitant.

Table 2.3: Regional distribution and density* of pharmacies in Greece

	Number (2011)	Density (2011)
Eastern Macedonia – Thrace	560	1 082
Central Macedonia	2 125	921
Western Macedonia	308	950
Thessaly	810	908
Ipeiros	331	1 079
Ionian islands	186	1 260
Western Greece	662	1 127
Mainland Greece	507	1 094
Peloponnese	564	1 046
Attica	4 241	970
North Aegean	199	1 003
South Aegean	295	1 054
Crete	527	1 164
Total	11 315	1 000

Note: (*) Number of inhabitants per pharmacy.

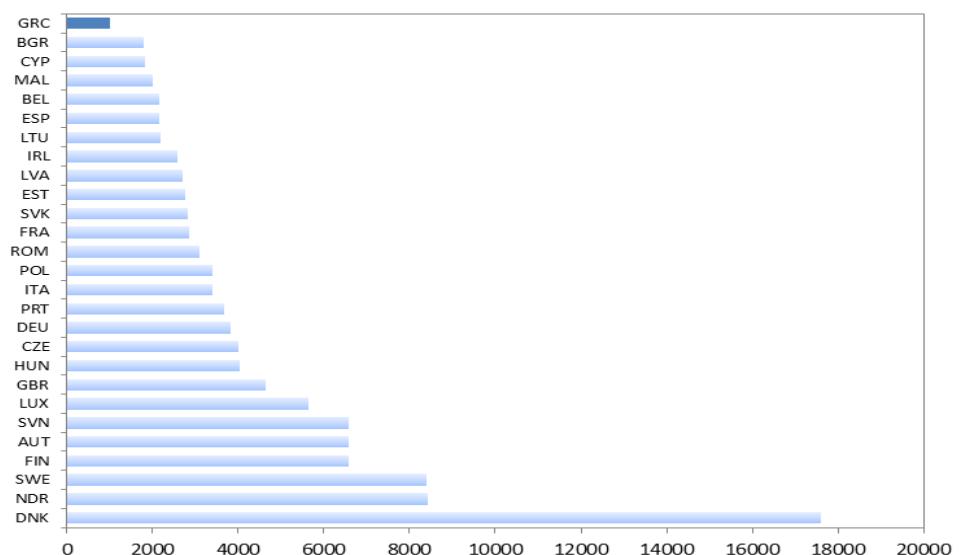
Source: ELSTAT, Eurostat.

Pharmacies are spread across Greece in line with its population density, as shown in the density column in Table 2.3. However, most new pharmacies were established in Attica and Central Macedonia, the most highly populated regions in the country, where their number has increased by more than 400 stores from 2004 to 2011 (Table 2.3).

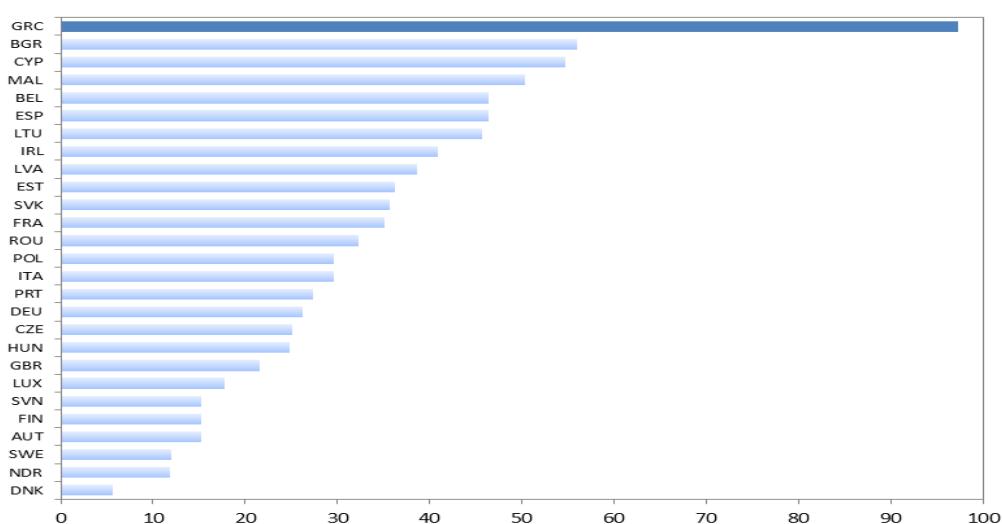
International comparisons show that the density of pharmacies per population in Greece is the highest in Europe, almost three times higher than the EU-27 average with one pharmacy per 3 300 inhabitants (see Figure 2.9 [a]). In addition, Greece ranks first with respect to the number of pharmacists available to inhabitants (97 pharmacists per 100 000 inhabitants), which is almost double that of Spain and more than triple that of France, Germany or Portugal (see Figure 2.9 [b]).

Figure 2.9: Comparative ratio of pharmacies and pharmacists to inhabitants in the EU-27, 2011

a. Population per pharmacy



b. Pharmacists per 100 000 inhabitants



Source: Pharmaceutical Group of the European Union (<http://www.quotidianosanita.it/allegati/allegato1724882.pdf>)

2.5.2 *Restrictions identified in the legislation*

Based on the Greek legislation, we identified five key restrictions to competition: ownership, business structure, corporate structure and location criteria (associated with the accessibility indicator), and operating hours plus a provision on employment.

Provisions that regulate the establishment of a pharmacy set out ownership restrictions, as well as the population and distance criteria applicable when opening a new pharmacy.²⁷ The law specifies that only pharmacists may own a pharmacy. In addition, the number of pharmacies that can be owned is limited to one pharmacy per pharmacist.²⁸

Population ratio and restrictions on distance between pharmacies also apply. In particular, in municipal or communal districts with a population of up to 1 000 inhabitants, only one pharmacy licence can be granted.²⁹ Moreover, pharmacies must be at a certain distance from each other,³⁰ for instance, in cities with a population of between 100 000 and 200 000 inhabitants the minimum distance is 200 metres, and in municipalities and municipal or communal districts with a population over 200 000 inhabitants it is at least 250 metres.

Restrictions on ownership are usually justified on the basis that pharmacists, as healthcare professionals, act in the interest of the patient and public health. Control of prescriptions is considered an important activity which requires an in-depth knowledge of medicines, dispensed so that the patient avoids dangerous interactions and negative side effects. In this context, pharmacies are the main dispensaries (and in many cases the sole dispensaries) for prescribed medicines across the EU.

Demographic restrictions serve to ensure the provision of medicines and services of good quality to patients, avoiding a concentration of pharmacies in urban areas at the expense of less densely populated areas.

Pharmacies in Greece are open on Mondays and Wednesdays from 8:30 until 14:30, and on the remaining weekdays from 8:30 until 14:30 and from 18:00 until 21:00.³¹ They are closed from 14:30 to 18:00 and on Saturdays, Sundays and during holidays when a shift system is applied with an on-duty pharmacist available. However, Law 3918/2011 introduced an increase in trading hours of pharmacies; they can now stay open in the afternoon of every weekday and on Saturdays.

Nevertheless, pharmacists who wish to work beyond the determined time schedule noted above must notify their local pharmacist association and the prefecture. This notification must take place twice a year (on 20 May and 20 November) in order to either stay open during the first or the second semester. In addition, the extended operation hours of the pharmacy should coincide with the out-of-hours service.

The latter provision implies that pharmacies that wish to extend their operation by a few hours during the day, *e.g.*, from 14:30 to 18:00, are prohibited from doing so, since they are obliged to follow the operation of pharmacies which are on duty, *e.g.* they must stay open from 14:30 until either 23:00 or 08:30 the next morning. This prevents pharmacies from increasing their operating hours and imposes unnecessary extra costs on those who decide to do so. In addition, the notifications for the extended schedule are binding, otherwise they entail sanctions. Finally, the operating hours of pharmacies in tourist areas may be changed upon a proposal of the respective pharmacist association and approval of the prefecture.³²

Finally, the pharmacy workforce consists of pharmacists and qualified assistants who are allowed to dispense medicines in the absence of the pharmacist. The law specifies that pharmacy owners should employ one pharmacist for every three assistants.³³

2.5.3 *Harm to competition*

In general, limitations on the number of pharmacies according to population criteria and minimum distances between them can be considered a barrier to entry of new pharmacies; this may result in reduced competition.

Restricting ownership to pharmacists limits the pool of entrepreneurs and investors who could potentially enter this market. New capital can provide growth and employment opportunities for pharmacists; in addition, a well-trained pharmacist may be the best person to dispense drugs, but not necessarily to run a business. Allowing outside entrepreneurs and professional managers to own pharmacies would most likely improve their efficiency and management, thus increasing competition in this market.

The provisions for ownership of multiple licences can pose competition issues in terms of lower quality of services provided, and higher prices of non-pharmaceutical products. Also, integration into larger corporate structures can lead to reduced operating costs. Small enterprises in the retail sector are less likely to innovate, compared with retail chains. Therefore, restrictions on retail chains also restrict innovation.

The provision on opening times harms competition since it restricts consumers' choice. Pharmacies in Greece are the only distribution points for prescription and OTC medicines; the growing importance of self-medication and an ageing population work together to further restrict consumer choice.

Through this provision, the legislator constrains the activities of pharmacies in relation to their opening and closing hours. Even though extended operating hours are allowed, they have a counteractive effect in how they are designed. Furthermore, the potential of sanctions allows local associations to preclude decisions which are in conflict with their interests and can be justified (by their side) on the basis of reduced quality of services to customers. Therefore, by restricting the pharmacists' freedom to determine their operating hours the law imposes impediments on the ability of pharmacies to compete and to fulfill consumers' needs.

Extending trading hours will increase consumers' access to pharmacies, resulting in reduced transaction costs and significant time savings by redistributing visits from the ordinary time schedule to the post-working day period; these benefits can be even higher for the elderly. Pharmacists will also benefit since extending operating hours will bring higher volumes of non-prescription healthcare services.

Finally, the provision on employment can be considered harmful. This restriction could lead to higher labour costs because a pharmacy is obliged to recruit an additional pharmacist as a requirement for hiring a fourth assistant, thus reducing the incentive for the pharmacy to hire an additional assistant and restricting, instead of increasing, overall employment.

Box 2.7: Regulatory restrictions in pharmacies in 25 EU countries

A study by Volkerink, de Bas and van Gorp (2007) on regulatory restrictions in pharmacies across 25 EU countries indicated that productivity is negatively influenced by regulations that impose operating restrictions, such as limitations on ownership of pharmacies by non-pharmacists, requirements on the location of pharmacies, and barriers to entry for pharmacists from other EU member states. They also found that product variety is positively affected by the educational requirements for pharmacists, as much as the regulation of prices and profit margins. However, requirements on registration, licensing and obligatory membership of a professional organisation have a negative impact on product variety. Overall, reducing the operation restrictions from the European average to the lowest level currently found within the EU-25 would result in an increase in productivity of 40.1%.

Source: Volkerink B., Bas P. and Gorp N. (2007). "Study of regulatory restrictions in the field of pharmacies. A study for the European Commission, Internal Market and Services DG". ECORYS Netherlands BV.

2.5.3.1 International experience

In general, the degree of regulation in the pharmacy business differs among the member states since some of them have undergone a liberalisation process, such as the Netherlands and Ireland, while in other EU countries the pharmacy sector is more regulated.

In particular, regulations constraining pharmacy ownership are only found in six other countries; in 20 out of the 27 EU member states ownership is not the exclusive right of pharmacists and in half of these ownership is not restricted at all, although it is mandatory that a pharmacist is always present and supervises the dispensing of prescriptions.

Restrictions on the number of pharmacies that can be owned by an individual pharmacist are imposed in five other EU countries; in the majority of the member states there is no such provision. There are 13 EU countries that do not impose restrictions on a pharmacy's location, and do not define any criteria on demographic requirements (population restrictions).³⁴

Pharmacy trading hours differ among the EU countries and are recorded, taking into consideration shifts, holidays and on-duty times. Many countries decide this at the regional/local level, while maximum and minimum hours are decided nationally, thus giving pharmacies a level of flexibility according to market needs. There is no evidence in other countries that extended operating hours should coincide with shifts as the provision of the Greek law dictates.

Generally, pharmacies in Greece have fewer trading hours compared to other member states. For instance, information obtained through web research indicates that in Portugal most pharmacies are open on weekdays from 9:00 to 19:00 and from 9:00 to 13:00 on Saturdays. They remain closed on Saturday afternoons, Sundays and during holidays. In Germany, operating hours are generally from 9:00 to 18:30 during the weekdays and from 9:00 to 13:00 on Saturdays. Then, pharmacies take turns in providing after-hours services. In the Netherlands typical trading hours are on weekdays (Monday to Friday) from 8:00 to 17:30, whereas most pharmacies are open for a few hours on Saturdays and are closed on Sundays. In Austria, pharmacies are open Monday to Friday from 8:00 to 12:00 and from 14:00 to 18:00 and on Saturday from 8:00 to 12:00. During the nights and on Sundays pharmacies offer on-duty services on a rotational basis.

2.5.4 Recommendations and benefits

Due to the nature of pharmacies, which combine the professional practice of dispensing prescription drugs with shop-front common retail services, the provisions concerning them are more complex to assess, particularly concerning ownership.

We recommend that the ownership provisions for pharmacies be abolished. The Greek law regulating pharmacies states as its objective the protection of consumers from the uncontrolled availability of drugs. Pharmacists are therefore qualified to perform a range of services including the dispensing of prescription drugs, the safe and secure storage of medicines, as well as providing advice on the proper use of medication. Such advice is regarded as an essential step in the patient's medication, especially since in sparsely populated areas pharmacists also act as the first point of contact for patients. The objectives of the law can be achieved by requiring that medicines are dispensed by a pharmacist. This condition can be satisfied regardless of ownership of a pharmacy.

Abolishing ownership provisions will allow the development of retail pharmacy chains not owned or run by pharmacists. Non-pharmacist retailers can be expected to increase competition on availability and price (mainly in non-medical products) through a more extensive range of supplementary products, such as dietary supplements, cosmetics and baby-related products. Pharmacy chains are expected to open mainly in more densely populated areas. Health care issues should be negligible since employed pharmacists will supervise the dispensing of medicines. Employment opportunities can also emerge, given that pharmacy chains have the ability to employ a larger number of staff compared to a small or medium-sized pharmacy. Finally, pharmacy chains can exploit economies of scale that can be reflected in products whose prices are not regulated and can apply more efficient inventory management than an independently owned pharmacy.

We recommend that the provision of the law on the ownership of a pharmacy limited only by pharmacists be lifted. However, for public safety reasons the law should specify that a pharmacist(s) will be in charge of dispensing medicines as a supervisor. Consequently, **any provisions of the law concerning partnerships between pharmacists should be abolished as well.**

As for demographic restrictions, the density of pharmacies in Greece is relatively high, with the number of pharmacies increasing substantially over the last decade. This raises the issue of whether efficiencies can emerge by lifting the restriction, also taking into consideration the economic viability of pharmacies in the currently unfavourable economic conditions.

We believe that the population criteria applied to the licensing of pharmacies are proportionate to the objective of ensuring a relatively balanced distribution and density of pharmacies across the country, and especially in the more isolated areas. The demographic rule as specified by Law 3918/2011 should be retained. However, **it is recommended that the provision of the legislation on the minimum distance between pharmacies be abolished;** the provision is ineffective and it is unclear whether it applies in practice (in large Greek cities some pharmacies have been established close to each other).

We recommend that the local pharmacist associations in collaboration with the prefectures authorities and the ministry decide on the obligatory trading hours of pharmacies. Local pharmacist associations must continue to implement and supervise shifts and on-duty services. However, pharmacists must be allowed the flexibility to choose the additional operating hours (beyond the obligatory) without the need for prior notification or any other constraint. The local pharmacist association should not have the authority to intervene or impose sanctions in the decision of a pharmacy to operate more hours than legally required.

The objective of the provision on employment in pharmacies is the protection of public health and the increase of employment in the pharmacy sector. However, the result of the law is ambiguous and **it is proposed that the ratio of pharmacists to assistants be abolished**. Pharmacy owners should be free to hire according to their business needs.

2.6 Street markets and outdoor traders

2.6.1 Street markets

2.6.6.1 Organisations in Attica and Thessaloniki

According to Law 2323/1995³⁵ there are two organisations of street markets: one for Attica and one for Thessaloniki. The two organisations were introduced by Law 3190/2003 and were identified as the competent entities for the co-ordination and management of the street markets operating within their territory. Street markets that do not operate in Attica or Thessaloniki do not fall under the competence of these organisations and are supervised by the regional prefecture.

The organisations are public entities with similar structures and operate under the surveillance of the regional prefecture (after a recent amendment of Law 4177/2013 that explicitly transferred this competence from the Minister of Development and Competitiveness to the regional authority). Law 2323/1995 determines their specific competences, under the general principle of the proper functioning of street markets.

The objective of the policy maker is to create a more organised and functional environment compared to the street markets that operate under the surveillance of the local authority.

The organisations are generally accepted as the essential umbrella for the functional operation of street markets in the metropolitan areas of Attica and Thessaloniki; however we recommend that the legal framework of the organisations be reviewed by the competent authorities to ensure a level playing field for all street markets. The rules that are applied to a street seller or producer who operates under the competence of the organisation should be clear, transparent and non-discriminatory.

2.6.6.2 Products that are allowed for sale in a street market

- Producers can sell only land products and cheese

According to the provisions of Law 2323/2006 and the relevant Presidential Decree 51/2006, producers are allowed to sell only land products in a street market. Accordingly, the provision (article 7 par. 7 of Law 2323/1995) states that products that were in a refrigerator or a warehouse before they were placed on the market cannot be sold in a street market. A recent amendment³⁶ to Presidential Decree 51/2006 added cheese products to the categories of products that a licensed producer can sell. The new article ensures the implementation of European Regulations 852/2004 and 853/2004 and the attribution of an approval number of the establishment, which is required in the processing of food of animal origin. Even if this addition is a positive step, restricting the products that producers are allowed to sell may restrict the variety available to consumers as well as limiting distribution channels. We recommend exploring the possibility of including other products in the list of categories.

- Producers and professional sellers' categories of products

A professional seller is allowed to sell only one category of product, from the exhaustive list set out in Presidential Decree 51/2006.³⁷ However, in contrast, a producer can choose and sell more than one type of product from the exhaustive list set out in the same presidential decree.³⁸ There is no official recital for this specific distinction. We understand that it may derive from the general distinction between producers and professional sellers. Producers sell the products they produce which can vary within a year due to the seasonality of the produce; sellers are members of a vulnerable social group and are granted their licences based on social criteria.

However, by limiting the ability of the professional seller to sell any category of products, this provision restricts variety and discriminates between professional sellers and producers. We recommend that either a) the categories of products that can be sold by a professional seller be determined in a broader way and include more products that are not necessarily similar, or that b) the restriction of selling/choosing only one category of products be abolished. This amendment will create a level playing field among sellers (professional sellers and producers) that operate in the same street market.

2.6.1.3 *Licence distinction – general comment*

The licensing framework of the street market distinguishes two types of sellers: a) producers and b) professional sellers. This distinction falls under the social policy of the state in order a) to give a producer the opportunity to sell his products all over the country and b) to grant a licence to a professional seller from a weaker social group (*e.g.* unemployed). However, this distinction leads to differential treatment between these two types, for instance with regard to the duration of each licence, the geographical area where they can operate, the products they can sell, etc. At the same time, these two types of licence compete with each other in the same street market.

A social policy is by definition discriminatory but it may be the only way to achieve the policy maker's objectives. However, even if this policy is proportionate to the objective, **we recommend that the licensing framework should be reviewed by the competent authorities in order to make the terms of trade in a street market consistent for both producers and sellers.** Alternatively, if the policy maker does not intend to change the licensing conditions, the markets in which producers and professional sellers operate should be kept separate in order to avoid distortions of competition.

2.6.2 *Outdoor trade*

2.6.2.1 *Description of the provisions, objective, harm to competition and recommendation*

- Piraeus exemption

Article 16, par. 3 of Law 4013/2011 introduced an exemption regarding the procedure of licence renewal for the Sunday market of Piraeus. Licensees of outdoor trade may participate in the Sunday market of Piraeus, even if their licence has not been renewed, until they renew it or are issued a new licence; the article provides that all related fines imposed will be returned to the traders. This exemption was introduced as a transitional provision when the procedure of granting a licence was changed from being by virtue of the office held (outdoor traders could operate in Sundays markets) into a public draw. However, this provision leads to discrimination in favour of Piraeus licensees and creates barriers to entry for new traders. It may also create legal uncertainties given that it is not obvious if the licensees of Piraeus

are obliged to renew their licence or still fall under the protection of the exemption. Therefore, **the Piraeus exemption should be abolished**.

2.6.3 *Other provisions in the framework law of street markets*³⁹

2.6.3.1 *Registration of wholesalers*

- Description of the provision

According to article 7c of Law 2323/1995 wholesalers of land products and fisheries should be registered in the regional prefecture. During registration they should mention their total turnover as well as the specific turnover of each product they sell. Companies affiliated with the wholesaler have the same obligation.

- Objective, harm, recommendation and benefit

The provision aims to establish a transparent environment for the distribution of land products. In practice the provision is inactive; however, it may create an uncertain environment for businesses, especially as they are obliged to provide essential financial information such as their turnover without a clear indication of how this may be used. Potential publication may lead to information sharing among competitors and consequently reduce competitive pressures. **This provision requiring submission (“financial notification”) of turnover should be explicitly repealed**, thus removing a potential cause of uncertainty for business and improving the overall business environment.

2.6.3.2 *Labelling of invoices*

- Description of the provision

Article 7d of Law 2323/1995 authorises the Minister of Development and Competitiveness to determine that an invoice should contain more elements when it is issued for the distribution of land products and fisheries. The article itself sets out that this provision is in favour of more transparent transactions and gives some examples, *e.g.* the indication of the initial price (for the producer) or the origin of the product.

The official recital repeats the objective of the provision: transparency in pricing and the effective control of transactions. A broader target of the provision, not indicated in the official recital, is to protect consumers from price increases by the intermediates in a distribution channel (*e.g.* wholesalers that intervene in the distribution).

However, this provision is arbitrary and establishes a different treatment for this specific market of land products and fisheries. It is arbitrary to the extent that the minister determines the indication of intermediate prices and may lead to an unsafe environment for traders. Finally, the indication of intermediate prices can be conducive to co-ordinated pricing. Therefore, **we recommend that this provision should be abolished**. The code of tax transactions applies as horizontal legislation in such cases.

The benefits include a safer and more certain business environment without the potential threat that they will be obliged to announce the wholesale prices on which retail prices are based, which contain essential and confidential information. Other elements, such as the

origin of the product, are already covered by the specific requirements for agricultural products and fish.

2.7 Retail sale of fuel

2.7.1 *Retail sale of heating oil*

The framework law 3054/2002⁴⁰ dictates in article 7, par. 6, that heating oil sellers without storage facilities can only be supplied by other licensees having this capacity. Ministerial Decision 16750/2005,⁴¹ article 21 also draws a distinction among heating oil sellers (retailers): those who own storage facilities and those who do not. Those who own storage facilities may be supplied by wholesalers (oil companies) and supply final consumers and heating oil sellers without storage facilities. Those who do not own storage facilities may only be supplied by those who own storage facilities and may only sell to final customers. A similar regulation can be found in the recently published market regulations (Ministerial Decision A2-861/2013⁴²) where in article 116, par. 6 it is provided that petrol stations cannot sell to heating oil sellers with or without storage facilities, and heating oil sellers with or without storage facilities cannot sell to heating oil sellers with storage facilities or petrol stations.

The objective of these regulations is not clear from the recitals of the law. It certainly derives from the general idea of Law 3054/2002 that each economic activity in the fuel market⁴³ requires a specific licence. We can only assume, therefore, that these provisions are regulated to guarantee the safety of the supplied fuel.

These provisions hinder freedom of economic activity and business development because sellers without storage capacities cannot freely select a supplier according to their business plan. Instead, they must buy their product only from retailers with storage capacities and cannot choose other traders (such as refineries or wholesalers). Assuming that this provision promotes the safety of supplies, it cannot be justified given that refineries and wholesalers are obliged to provide the same safe conditions of distribution as a retailer with storage capacities. Finally, distinctions in the treatment of heating oil sellers based on whether they are petrol stations or not in order to tackle smuggling between heating oil and road fuel (diesel) are no longer necessary since the harmonisation of the two tax regimes.

The amendment required here must satisfy three important conditions: a) different retail licences are needed for road fuel (petrol station) and heating oil (heating oil seller) (see Law 3054/2002); b) owning storage facilities is the critical detail that secures the supply process according to Ministerial Decision 16750/2005; and c) following equalisation of the tax rates between diesel and heating oil, smuggling issues concerning these specific products have now been more or less tackled. According to these principles, the provision should be simplified as follows:

- Heating oil sellers (irrespective of whether they are also petrol stations) with storage facilities should be able to supply all heating oil sellers without storage facilities and final consumers and be supplied from oil companies, refineries and imports.
- Heating oil sellers without storage facilities should be able to be supplied from any supplier that can guarantee the safety of supplies, *i.e.* heating oil sellers with storage facilities, oil companies and refineries.

Any other distinction distorts the market, either by harming competition directly or by creating extra administrative burdens that hamper the general business environment in this particular market.

The benefits from this reform will reduce legal uncertainty, lower operating costs and intensify competition in the retail fuel market.

Two more problematic provisions have been identified regarding the ability of petrol stations to obtain a licence to sell heating oil. First, Law 3054/2002 article 7, par. 9 does not allow retail petrol stations on motorways to sell heating oil. The rationale behind this provision according to the official recital is that the distribution of heating oil on motorways is irrelevant and this restriction is being imposed to prevent the use of heating oil for running vehicles. Second, Ministerial Decision A2-861/2013 article 116, par. 4 states that petrol stations owners who have an exclusive contract with oil companies cannot sell heating oil (if they have the licence to do so) use tanker trucks that carry the logo of the oil company. Again, there is no official recital; it is assumed that the purpose of this provision is to prevent smuggling or distribution of heating oil using the brand name and consequently, tarnishing the reputation of a well-known oil company.

As noted, issues of smuggling between diesel and heating oil have been tackled by the equalisation of the two tax rates. The first restriction (Law 3054/2002) does not seem to serve any specific public interest that could justify a restriction of economic freedom of this type. On the contrary, it limits freedom and discourages the owners of the particular retail stations from expanding (and thus increasing competition) in the heating oil market. Whether this legislation reflects the fact that it may not be currently as attractive in terms of profitability or efficiency to sell heating oil from particular retail stations in contrast to the rest and if, hypothetically, public interest could justify the distinction between these two petrol stations, it is questionable why this restriction should only be imposed on petrol stations on national highways and not on all petrol stations. **It is recommended to explicitly repeal this provision in order to promote competition in the retail heating oil market.**

The restriction imposed on petrol stations to transfer heating oil using trucks not bearing the logo of the oil company they are contracted to (Ministerial Decision A2-861/2013), may increase transportation costs and lead to second-best choices in terms of economic efficiency and, in effect, harm competition. **It is recommended that the provision be reviewed by the competent authorities and amended in a way so that businesses are able to use their trucks in any way they find optimal in order to limit transportation costs, on condition that the final consumer is well informed and not misled regarding the brand name of the heating oil purchased.**

The final issue identified in the retail market of heating oil also has to do with the use of trucks by retailers. According to Ministerial Decision 16750/2005 article 21, all heating oil sellers should at least own a private-use truck or rent a public-use truck. They should replace it in case of loss or damage, or if it exceeds 20 years of operation. Since there is no official recital for the ministerial decision, it is assumed that the upper limit of 20 years is probably set for safety reasons. This obligation does not exist for other tanker trucks, whether owned or rented, by other licensees in the market of retail fuel and seems to be an additional restriction to operation as a heating oil seller.

Recommendation:

- **Option 1: If the replacement of the truck is regulated for proven safety reasons, then this provision should remain as it is, but the same should be applied for the transportation of all types of fuel and not just heating oil.**
- **Option 2: If there are no proven safety reasons for this regulation, it should be abolished.**

2.7.2 The obligation of exclusive contracts

Law 3054/2002 article 7 in relation to article 3, par. 10 describes retail activities regarding road fuel as follows: A retailer (petrol station) can either (i) have an exclusive contract with oil companies or (ii) operate as an independent petrol station (signed as Ανεξάρτητο Πρατήριο “ΑΠ”). Independent petrol stations should not use any brand name fuel or have the exclusive responsibility for distribution of their products. As a direct consequence of this distinction between petrol stations, refineries cannot sell to individuals (petrol stations) or ventures and associations of petrol stations when they or their members have exclusive contracts with oil companies or use their brand.⁴⁴ Finally, a petrol station may import oil products⁴⁵ only if there is no exclusive contract with an oil company, in other words only if it is independent (ΑΠ).

The root of all three regulations is that if a petrol station owner chooses not to be independent and decides to use the logo and sell a particular brand, then this needs to be done by means of an exclusive contract with a particular oil company. Unfortunately exclusivity, in general, is not justified or mentioned in the recital. Probably, it exists in order to protect both contracted parties and because this is a standard market practice. It is true that exclusive contracts between parties are commonly used in the fuel market in order to establish a safer environment for all parties involved. An oil company usually invests in a petrol station under an exclusive contract, (*i.e.* pumps, logos, equipment). However, it is unduly restrictive for the law to indicate the precise type of contract – exclusive in this case. The parties should be free to choose the most suitable contract for their agreement. Further, this explicit obligation for a non-independent petrol station to have an exclusive contract with an oil company actually increases the bargaining power of the oil company in business deals, since it does not need to negotiate and reach an exclusive agreement.

Recommendation: to set a level playing field in the market and to intensify competition for the benefit of consumers, all provisions should be amended in a way that the law will prescribe the need of a contract between the two parties but not specify the type of contract to be used.

As mentioned above, Ministerial Decision 16750/2005 article 21 states that heating oil retailers without storage facilities can buy heating oil only from retailers with storage facilities. Additionally , the law states that there should be a written, exclusive contract between the two types of retailers. If the contract is terminated, a new one must be signed. In addition, all these obligations regarding contracts should be taken into account for the issuing of the licence by the competent authorities. Since the exclusivity is not justified or mentioned in the recital of this provision, our view regarding harm to competition by the explicit legal obligation to have an exclusive contract remains as above. **We recommend that an amendment that does not dictate the type of contract – exclusive in this case – should be signed by the two parties.**

Finally, regarding the content of the signed contracts between petrol stations and oil companies, Law 4177/2013 in article 28 determines their minimum content including price formulation, rebates, sales, etc. The article describes in detail the pricing formulation and dictates the use of two alternative ways of calculation: a) reference price that is not determined by the parties plus gross profit (sales and discounts will be calculated on the reference price) or b) wholesale prices that are announced daily to the Regulatory Authority of Energy (RAE) minus sales and discounts. According to the recitals of the law, this provision aims to set rules in the contracts between oil companies and petrol stations that will lead to more transparent pricing and consequently lower prices. Moreover, this provision aims to delink wholesale prices from rebates and discounts and for net prices to be more easily calculated.

Due to the specific character of the fuel market in Greece, which has a low level of vertical integration and a high number of petrol stations (approximately 5 800), a written contract with a

minimum content will intensify the bargaining power of petrol stations, which is the intention of the policy maker. However, the pricing method should be left for the parties to negotiate so that there is more flexibility to choose which is most suitable for their commercial policy rather than imposing two particular alternatives.

2.7.3 *Logistics issues for ventures and associations of petrol stations*

Law 3054/2002 article 7, par. 10 states that ventures and associations of petrol stations may not possess tanker trucks other than those that are used by their member petrol stations. The same provision stands for acquiring dedicated storage space. The objective of this provision could not be found in the recitals of the law. It is our understanding though, that ventures and associations have been proposed by the law in order to give the right to independent petrol stations to collaborate and achieve economies of scale that otherwise would be impossible.

This provision violates the economic freedom of ventures and associations of independent stations while no reason of public interest justifies the restriction it proposes. These particular restrictions hinder the direct access of independent petrol stations to the refining companies, which should be seamless, while introducing barriers to entry and expansion in the development of their business activities by achieving economies of scale and efficiencies in the supply process, either directly or indirectly by raising transportation and logistics costs.

Recommendation: to explicitly repeal the provision. The benefit focuses on the freedom of economic activity and lower logistics costs through economies of scale.

2.8 Books

2.8.1 *Description of the book market*

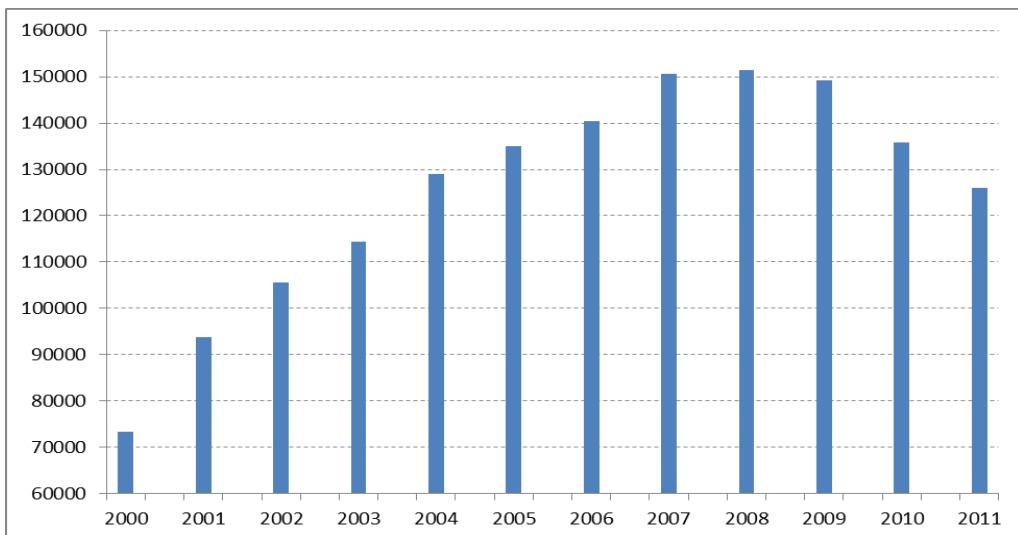
Book production in Greece grew by over 10 000 new titles a year for the first time in 2006. However, since 2008 it has slowed down considerably, resulting in 8 333 new titles in 2011. The number of publishers has followed a similar trend, growing to over 1 000 publishers in 2006; only 927 publishing houses remained active in 2011.⁴⁶

The Greek publishing industry is rather concentrated, with 18% of the publishers producing 77% of the total number of titles. Three publishers produce more than 200 titles in all subjects, accounting for 8.8% of total book titles. The industry is also highly centralised with 82% of publishing houses located in Athens, 11% in Thessalonica and only 7% in the rest of Greece.

In the retail part of the market, there are approximately 1 500 bookshops of different sizes and more than 3 500 points of sale, including press agencies and supermarkets. Small mixed book and stationery shops account for 90% of bookshops. The downturn in private consumption after 2008 has had a negative impact on both small independent shops and on larger book chain retailers. Greek wholesale distribution is not very developed, so many publishers retain their own independent distribution networks.

Publishers' revenues peaked at EUR 151 million in 2008 and then gradually decreased in step with the economic recession.

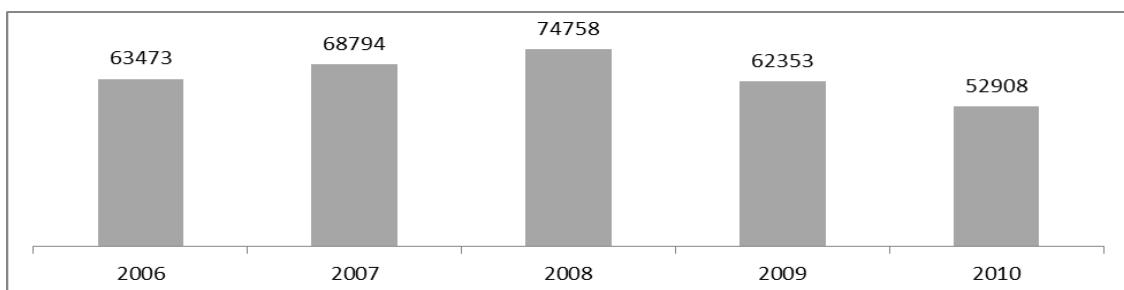
Figure 2.11: Publishers' revenues (EUR '000s)



Source: National Book Centre of Greece (Εθνικό Κέντρο Βιβλίου EKEBI) database.

The retail sector has followed a similar pattern. Revenues peaked in 2008 and then decreased gradually reaching EUR 52.9 m in 2010.

Figure 2.12: Booksellers' revenues (EUR '000s)



Source: National Book Centre of Greece (Εθνικό Κέντρο Βιβλίου EKEBI) database.

The book market is characterised by three key elements: uncertain demand for new books, short periods of profitability for each title and extreme differentiation.⁴⁷ To this end, questions about the scope and the role of the government in the book market must be considered.

The market for books has a traditional supply chain, with production, wholesale, distribution and retail, and is characterised by high fixed and low marginal costs. Moreover, there is substantial product differentiation in each part of the supply chain, which generates niche markets with close (but imperfect) substitutes. As a result, most parts of the supply chain are characterised by a fairly large number of players and by easy entry and exit. In essence, the supply side of the book market can be characterised as a typical monopolistic competition environment where firms face investment risk and demand uncertainty. From a policy perspective, this observation suggests that the book market is not different from many other markets, which implies that it should not be subject to any special regulation.

However, book production and consumption have the nature of a public good. Creating and circulating a new book not only creates value for the people who are going to read it, but also shapes ideas and values in wider society (or in exceptional cases in the whole world). Book consumption and production can help create values of national identity, social cohesion, and helps the development of criticism and experimentation. It is this unique cultural value of a book that perhaps calls for its special treatment by government regulation.

2.8.2 *Regulatory restrictions identified in the Greek book market*

Law 2557/1997 on Provisions and measures for cultural development regulates the Greek book market. In particular, it stipulates that the retail price of books is set, not by the retailer, but by the publisher of the book, *i.e.* the law describes a very specific retail price maintenance mechanism that governs the retail market for Greek books.

This means that Law 2557/1997 gives a market-maker role to Greek publishers and leaves very little discretion on pricing to retailers. Publishers determine the wholesale prices and set the retail prices of their published titles which cannot be changed for two years. Retailers can only discount up to a maximum of 10% of the proposed retail price. Retailers in remote areas may charge a higher price than the given retail price, up to a maximum of 5%.⁴⁸

These price restrictions apply not only to new publications but also to reprints and re-editions. The same restrictive retail price mechanism is extended, by Law 3905/2010, to include e-books.

Regulating book prices is a widely used practice in the EU.⁴⁹ Countries with book price regulations include France, Germany, Spain, Italy and Denmark. Typically there are two types of regulatory regimes: in countries that regulate book prices by law and countries that enforce fixed book prices by trade agreements. However, there is considerable heterogeneity among these price regulations. The most common differences are identified as a) the range of books covered, b) the time period the fixed price must be maintained, c) the trade terms negotiated between publishers and booksellers, d) the way authors' royalties are related to the fixed price system and e) the VAT. On the other hand, a few countries have already liberalised their book market. Countries without any regulation of book prices are the US, the UK, Sweden and Finland.

2.8.3 *Objective of the legislation*

The key aims of book price regulation are:

1. to promote the production of different book titles;
2. to create an extensive network of booksellers; and
3. to promote reading in society.

The regulation is built on the understanding that books are not just a commodity, but have a special value to society as a cultural good. From this point of view, the development of a rich production infrastructure and the sustainability of a dense retail network offering a rich and varied programme of books are viewed as of vital cultural importance. In particular, book price regulation aims at enabling publishers to publish works for smaller markets or specialised readers or audiences which do not accumulate sufficient purchasing power to make the publication of a book commercially viable. It could be argued that, in the absence of fixed book prices, authors addressing only a selective group of readers would face difficulties finding a publisher willing to run the economic risk posed by a

potentially small readership; publishers would be forced, by intense price competition, to publish only works with mass-market appeal. Moreover, *fixed* book prices are meant to enable small, independent bookshops to offer books even in remote locations, where transport costs are high and the reader density rather low, without the threat of being undercut by supermarkets or larger retail chain bookstores.

2.8.4 *Harm to competition from the restrictions identified*

Book price regulation aims to enhance the publication of a variety of book titles. In fact, by giving publishers full control over the retail price, book price regulation allows publishers and booksellers to use their monopoly power strategically, set high retail prices and enjoy high profits on bestsellers and, as a result, finance, by cross-subsidisation, the losses of producing and distributing slow-moving, less popular books. However, this cross-subsidisation mechanism comes with some unintended consequences for the workings of the market, both at the upstream level of production and at the downstream retail level.

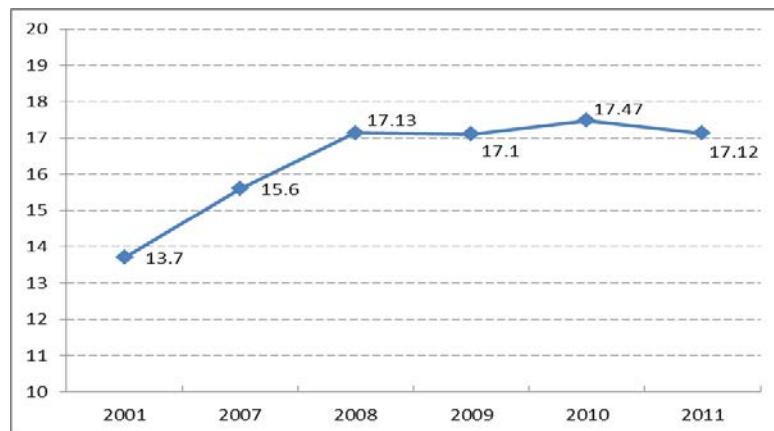
In particular, while book price regulation ensures that publishers enjoy high margins, it provides no guarantee that such profits will be used to subsidise less popular cultural books. At the same time, it provides no guarantee that booksellers will use their profits from bestsellers to distribute and market less popular cultural books. In other words, book price regulation as it is applied is not combined with any commitment mechanism, either for publishers or for booksellers, that the abnormal profits they both enjoy should be used to meet the cultural objectives of the legislator.

Moreover, the regulation gives discretion to the publishers on how the market surplus is split. In fact, since publishers determine both wholesale and retail prices, they determine the retail margins of all the booksellers in the market. This in turn implies that the remaining competition at the retail level, *i.e.* non-price competition among the booksellers, is significantly distorted as long as booksellers' strategic possibilities crucially depend on publishers' will. For instance, publishers can use the retail margin as an instrument to increase sales of specific book titles (a higher retail margin and lower wholesale price implies greater incentives for the bookseller to promote the specific title to consumers).

In addition, the fixed retail price regulation can be used strategically by publishers to keep the prices of specific book titles constantly high. By reprinting and re-editing – with minor changes – one could artificially extend the period of protected high prices.

Finally, one should note that book price regulation gives publishers no incentive to change the price charged during the two years period due to significant menu costs (altering price lists, invoicing back the price difference, etc.). This price stickiness is extremely harmful for economic efficiency in situations where aggregate demand fluctuates. In particular, lower demand and sticky prices imply suboptimal market equilibrium with too high prices and too low sales. This case may particularly apply in the Greek book market now, where the shrinking of disposable income has decreased demand but retail prices have not decreased concurrently.

Figure 2.13: Average retail price of an average paperback (approx. 250 pages)



Source: National Book Centre of Greece (Εθνικό Κέντρο Βιβλίου EKEBI) database.

As shown in Figure 2.11, book sales have continuously fallen since 2008; however prices in Figure 2.13 seem to remain stable. Hence, as a result of the absence of any price competition, books in 2011 are relatively more expensive compare to four or five years before, which means that fewer consumers can buy books. In other words, the regulation under consideration may have the exact opposite result to the objective of the policy maker.

The maintained retail price regulation significantly limits the marketing strategies of booksellers and, as a result, reduces their potential revenues. In particular, fixing retail prices prevents retailers from introducing any price discrimination mechanism that would better match products and services to their location, the season or the consumer type they serve. This inability to price differentiate, in combination with the standard free-riding problem of quality competition at the retail level, significantly distorts booksellers' incentives to offer any quality services.

The inability of Greek booksellers to set their own prices carries the risk that they have to operate with a very inefficient inventory management system. Under the current legislation, Greek book retailers cannot offer discounts on unpopular books and as such have no stock liquidation possibility, which in turn implies that their total stock management costs increase.

In particular, the existence of book price regulation acts as a barrier for market participants to fully adopt new technological developments such as e-books, print-on-demand techniques and internet sales channels.

Box 2.8: Evidence from book market deregulation in the UK

A report prepared for the UK Office of Fair Trading (OFT) identifies two important conflicting effects on aggregate book retailing productivity after the abolition of book price regulation. On the one hand, as expected, deregulation has made a positive contribution to industry productivity through the reallocation of market shares from low productivity firms (independent booksellers) to higher productivity firms (large bookstores) and to new entrants (supermarkets and internet-retailers). On the other hand, there has been no long-run improvement in the within-firm productivity of the incumbent retailers. In fact, the UK experience showed that it is not just the small independents retailers, but also the larger chains (such as Waterstone's) that have been unable to counter the challenge of new entrants. In the years immediately after abolition of the fixed book price regulation, the larger book retailers posted quite impressive improvements in their within-firm productivity. However, the problems started to emerge as their turnover subsequently began to fall as a consequence of the growth of the entrants. In general, the OFT report suggests that the positive effects on sector productivity arise in the long run, partly because of continuing increasing competition (e.g. as supermarkets and internet sellers advance further) and partly because remaining incumbent retailers eventually achieve the increases in within-firm productivity (e.g. through mergers).

Fishwick (2008) discusses and evaluates the UK book retail market since the abandonment of fixed prices. His evidence suggests that the dominant internet bookseller (Amazon) and the supermarkets gain significant retail market share against traditional booksellers and specialist bookshops. On the publishing side of the market, he documents that UK publishers gained from the expansion of the total market, but some of those focusing on minority-interest titles have lost. After deregulation, all publishers faced a concentrated retail market with much greater buying power and, at least for some, this resulted in lower profits. With respect to consumer welfare, Fishwick argues that consumers who read bestselling titles are probably paying less after deregulation but readers of other minority-interest titles are almost certainly paying more.

Sources:

Office for Fair Trading (2008), "An evaluation of the impact upon productivity of ending resale price maintenance on books", full report at http://www.oft.gov.uk/shared_oft/economic_research/oft981.pdf.

Fishwick, F. (2008), "Book retailing in the UK since the abandonment of fixed prices", mimeo.

2.8.5 Recommendations and benefits

The immediate effect of existing book price regulation in Greece is to effectively prevent any competition at the retail level, which implies inefficient market equilibrium. **We recommend that any book price restriction should be lifted.**

The cost of printing and distributing a book title has significantly decreased during the last two decades, which implies that the trade-off that publishers face between investment costs and undertaking risks is now totally different. The variety of new published titles is unlikely to be significantly affected. Relaxing the competitive distortions that accompany fixed book prices will boost innovation and facilitate operational efficiency across the sector without affecting the variety of new published titles. In fact, publishers will be pushed, by the increased competition, to adopt new innovative technologies and more efficient processes.

On the retail side, we expect that, following deregulation, the older, smaller and more inefficient bookshops will need to become more efficient to remain in the market, ultimately benefiting readers from an enhanced offer.

A new retail business model, based on innovative new retail channels, such as the Internet, will become more widespread, allowing access to new published books from anywhere in Greece.⁵⁰ In addition, the growth of other distribution channels such as large supermarkets and other retail outlets changes the structure of the retail market. As a result, the regulation appears outdated and increasingly

difficult to enforce. These market trends may change book distribution channels but that will not affect book production, in the same way that there are not many record stores left in the high street, but people continue to write, record and listen to music.

Following the changes in book publishing and in the book retail segments, it is expected that book prices in a deregulated market will eventually boost the demand for books and, as a result, will enhance reading in Greece. Finally, we observe that among cultural goods (such as books, music, paintings and sculpture) only books are price regulated.

2.9 Maximum pricing, detergents and other issues related to retail trade

2.9.1 Registration of detergents

2.9.1.1 Description of the provision

According to the Ministerial Decisions 1233/1991 and 172/1992,⁵¹ article 4, the producer or importer of detergents and cleaning products should register the product with the competent authority of the General Chemical Laboratory of the State (GCSL). The registration is completed within a month, starting with placement of the product on the market, and requires a registration dossier including the commercial brand, use, composition (qualitative and quantitative composition, chemical name of substances), labelling and classification of the product, as well as the details of the person responsible for its circulation. The authority issues a unique code number that should be indicated on each package of the product. If the product is imported, a period of six months is recognised during which the product can be placed on the market without the code number.

2.9.1.2 Objective of the provision

The objective of the provision is not officially described. However, article 6 (par. 8d) of Law 4328/1929 authorises the Supreme Chemistry Council to issue decisions that determine the terms and conditions which should be met regarding the production and circulation of food, food formulations, drinks, water, chemicals and preparations, raw materials, industrial products and, in general, products that are being offered for consumption, in order to protect public health and the environment and to avoid consumer deception.

2.9.1.3 Harm to competition

Even if the provision describes a registration procedure (and not an authorisation procedure), in the guidelines provided on the relevant website,⁵² the competent authority describes the procedure as follows: “The dossiers shall be submitted to our Authority by the person responsible against the Law himself and the chemist who prepared the classification and labelling study, in order to make any final corrections and/or additions to the dossiers, if needed, and thus facilitate the registration procedure” and “Whether the registration dossier complies with the legal requirements, the product is assigned a registration number, within the same day, provided that the registration fees have been deposited”. It must be concluded that the procedure is an actual approval procedure rather than a simple notification.

The provision increases the costs and administrative burden of a supplier. The additional cost derives both from the registration fee (approximately EUR 125 for each registration) and from the obligation of adding the code number to the label of each product; the latter requires re-labelling of products imported into the internal market, which is the case in Greece. This obligation represents a barrier to entry for new suppliers wishing to enter or launch new products in the Greek market.

Finally, additional costs derived from the registration procedure may lead to pressure to increase prices on the product.

Other European member states use a similar procedure but within the framework and requirements set out by the European Regulation 1272/2008 (CLP Regulation for Classification, Labelling and Packaging, article 45⁵³) and the European Directive 99/45 (DPD Directive for Dangerous Preparations Directive, article 17⁵⁴). As indicated in Box 2.9, a similar procedure in Germany is based on information requirements and requires no fee or any indication on the label. In this way, the supplier does not face any additional cost or administrative burden due to the simplicity of the regulated procedure (only an electronic notification is required). By Ministerial Decision 265/2002⁵⁵ the national authority (GCLS) also provides another less demanding local registration system (with no extensive requirements and no obligation to indicate the registration number on the packaging) which is applicable to all other types of chemical products. This system fulfils the requirements of the Dangerous Preparations Directive 99/45, article 17 for providing information for medical purposes to the countries' medical personnel and poison control centres.

Finally, it should be noted that according to European legislation and principles, detergents and cleaning products are freely placed on the market, provided they fulfil the requirements of the Detergents Regulation 648/2004 and its amendments and those of the Dangerous Preparations Directive (99/45/EC and its amendments. Compliance with the abovementioned legislation is ensured by member states through market inspections.

Box 2.9. Placement of a detergent product on the market: An example from Germany

- For detergents which are placed on the German market, a notification to the German Federal Institute of Risk Assessment (Bundesinstitut für Risikobewertung, BfR) is provided. The formula information required is equal to the information of the datasheet for medical personnel according to Annex VII part C of the Detergents Regulation. The notification must be made in an electronic format (XML) which was defined by BfR and which is easy to generate.
- There is no requirement to write a notification number on the label.
- No fee has to be paid to BfR for the notification.
- BfR sends the information on a monthly basis to the German Poisons Control Centres and only the product names of each company to the Federal Environment Agency (Umweltbundesamt, UBA) for market surveillance purposes.

Source: www.bfr.bund.de/en/notifications_of_detergents_and_cleaning_agents-70272.html

2.9.1.4 *Recommendation and benefit*

- **Recommendations:**
- **Option 1: The registration system should be abolished.** Compliance with safety requirements will be secured by controls carried out by the competent authorities. By abolishing the obligation of registration, the supplier will not face any additional cost or administrative burden and hence, more entries into the market will be encouraged.

- **Option 2: The registration system should be abolished and a complementary procedure of free electronic notification should be established without the obligation to label the product.** Compliance with safety requirements will be secured by controls carried out by the competent authorities. If the obligation to register is abolished, the supplier will not face any additional cost or administrative burden and hence, more entries into the market will be encouraged. Therefore, the monitoring of the composition of products is being enhanced without additional costs for the interested firm.

2.9.2 Provisions regarding prices and products

2.9.2.1 Maximum prices

Description of the provisions: The state has the power to intervene and to set the maximum price for any product in any market where it believes that the market mechanism does not operate efficiently. The justification for such interventions is consumer protection. In the Greek legislation the following provisions have been identified:

a) Article 4 par. 3 of Law 4177/2013⁵⁶ gives the authorisation to the minister, [added according to the law], to impose maximum prices if required by reason of public interest, in certain cases “when by object the competition would not work efficiently”. Before issuing such a decision, the Minister of Development and Competitiveness must ask the opinion of the Hellenic Competition Commission (HCC).

b) Further to the abovementioned provision, article 137 of the Rules of distribution of products and services⁵⁷ determines the maximum prices in specific places (*i.e.* airports, stadiums, trains, ships, schools, courts of justice, hospitals) for certain products (*i.e.* bottled water, coffee, toast, tea). Regulated prices are typically set at a low level with the aim to make these products of necessity as easily accessible as possible.

c) Article 16 of the Law 3377/2005⁵⁸ gives the power to the minister [added according to the law] to impose maximum prices in controlled access areas in places owned or operated (exploited) by the state, public entities and local authorities of first or second grade (prefectures or municipalities). Further to the power of the minister [added according to the law] to set maximum prices, the Ministerial Decision A2-96/2007⁵⁹ sets maximum prices for products sold in canteens operated by the state, public entities and local authorities of first or second grade.

Objective of the provisions: The objective is to protect consumers from unduly high prices in limited access areas where there is a lack of competition.

Harm to competition: According to European Regulation 330/2010 (Block Exemption Regulation) and the relevant guidelines,⁶⁰ the practice of recommending a resale price to a reseller or requiring the reseller to respect a maximum resale price is covered by the Block Exemption Regulation when the market share of each of the parties to the agreement does not exceed the 30% threshold, provided it does not amount to a minimum or fixed sale price as a result of pressure from, or incentives offered by, any of the parties. **This means that in principle, the imposition of a maximum price could be accepted in certain circumstances.** The possible competition risk of maximum and recommended prices is that they will work as a focal point for the operators and might be followed by most or all of them and those maximum prices may soften competition or facilitate collusion between suppliers.⁶¹ Therefore, maximum price fixing should be specific and narrow and used only for certain reasons.

By examining the abovementioned cases (a), (b) and (c) we conclude the following:

- **Provision (a)** gives the Minister the power to impose maximum prices by issuing a ministerial decision; the provision sets certain criteria and the framework within which the ministerial decision will further regulate maximum prices in certain places, for reasons of public interest, such as insufficient (by object) competition in the opinion of the HCC. The detailed wording of the provision, with the abovementioned criteria, is generally accepted.⁶²
- **Provision (b)** is the article of a ministerial decision issued further to provision (a). **Table (2) of article 137** defines such places as inside “airports, stadiums, archaeological sites and museums, ships, trains, courts of justice, hospitals, welfare institutions, buses, universities”. However, after the listing of the specific areas where the regulation of maximum prices applies, table (2) of article 137 adds a general description of the area in **point (j)**: “in any place, public or private, where it is – by object – unfeasible for competition to work efficiently.” This point appears vague and creates uncertainty for potential entries into the market since, in addition, entry may be lower in markets with regulations on prices due to reduced profit-making incentives. Furthermore, it is difficult for the competent authorities to interpret the provision and hence to control its implementation without the explicit specification of what kind of business (public or private) the policy maker includes in the terms of “by object – unfeasible for competition to work efficiently.” Therefore, a broader application of the provision will cause anti-competitive effects and could be used as a focal point of the market with cumulative effects and umbrella pricing.
- **Provision (c)**, by determining the power of the minister to issue a decision setting maximum prices in places “owned or operated (exploited) by the state, public entities and local authorities of first or second grade”, appears vague and leads to a very broad intervention in any operation of canteens under the umbrella of the public sector. Ministerial Decision A2-96/2007 repeats the same definition of places and thus leads to the same result. Moreover, given that the majority of canteens operate under leasing contracts with the state (licence of exploitation), there is no legal space for private ownership; this means that a large number of canteens fall under the threshold of regulated maximum prices. Consequently, the provision does not specify in an exhaustive way the places where the regulated maximum prices apply and, as it stands, applies in a large number of private sector businesses; moreover, it is not expected that competition works efficiently in such a variety of places in order to be proportionate (as in the previous analysis regarding limited access areas). In addition, the provision is not justified on grounds of public interest. The regulation of maximum prices in such an undefined number of businesses works as a focal point for the operators and might be followed by most or all of them; therefore, operators are prevented from lowering their sales price for these particular products. In addition, maximum prices may soften competition or facilitate collusion between suppliers. Finally, the provision may create uncertainties related to its implementation, *i.e.* which businesses fall under this threshold and hence discourage new entries into the market.

Recommendations and benefits: Further to the abovementioned analysis, we recommend the following:

- Regarding provision (b): **Point (j) of table (2) of article 137 of the Rules of distribution of products and services (Ministerial Decision A2-861/2013) as it stands, “in any place, public or private, where it is – by object – unfeasible for competition to work efficiently”, should be abolished.** After this amendment, the provision will exhaustively

list the limited access area where the policy maker intervenes and regulates the maximum prices of the specified products.

- Regarding provision (c): **Article 16 of Law 3377/2005 and Ministerial Decision A2-96/2007 should be abolished.** They both determine a vague threshold for setting maximum prices for products sold in canteens operated by the state, public entities and local authorities of first or second grade. By abolishing this regulation, a more certain business environment will be established. Furthermore, the focal point created by the regulation will be avoided and thus will increase the incentive for businesses to compete on price or, a step further, on quality and services.
- **Other provisions:** During the examination of the relevant legislation, other provisions have been identified that are obsolete and inactive in practice such as **article 12 and 13 of the Law 802/1978.**⁶³ Both provisions refer to the power of the minister to issue a ministerial decision and a) oblige businesses operating in the production or import of any kind of product to indicate a suggested price on the package and on products and b) ban the circulation of new products when this aims to evade the general provisions of regulated prices. The first provision regarding suggested prices appears vague and uncertain; even if suggested prices are in principle accepted by competition rules, the intervention of the minister to oblige businesses of any consumer good to indicate suggesting prices creates uncertainties for businesses. Moreover, the provision is inactive in practice. Regarding the blanket provision of banning the circulation of products when this is assumed to abuse the regulation of prices, is an obsolete provision derived from an older legal framework when the price of essential products was regulated in the internal market. Consequently, **both provisions should be abolished** in order to eliminate the uncertain and unsafe environment with potential threats by the state to intervene in the economic freedom of businesses.

2.9.2 Tobacco products

- Description of the provision

The legal framework of tobacco sales is regulated, among others, by Law 1044/1971⁶⁴ and Law 3730/2008.⁶⁵

First, Law 1044/1971 referred to the categories of citizens granted a licence to sell tobacco products; according to the social policy aspect of the law, only war handicaps and/or war victims were the preferred stockists and licensed to sell tobacco products. The law also placed other types of restrictions such as the prohibition of legal entities to hold a licence, the prohibition of coffee shops, grocery stores or stores selling food or clothing to sell tobacco products, etc. However, after the issue of Law 3919/2011⁶⁶ on the liberalisation of professions and Opinion no. 23/VII/2012,⁶⁷ of the HCC regarding the abovementioned restrictions, the competent (at that time) Ministry of Defence, issued Circular 797/2012⁶⁸ in which it confirmed that further to the horizontal provision of the liberalisation of professions, all the restrictions imposed by the legal framework of Law 1044/1971 (*i.e.* only war handicaps and war victims were the preferred stockist) have been lifted. Therefore, any shop (operated by a natural or legal person) could sell tobacco products.

Second, Law 3730/2008 refers to the terms and requirements that must be met in the retail sale of tobacco products. According to the law,⁶⁹ tobacco products cannot be placed in display cases/stands inside a shop, excluding duty free shops, kiosks and shops exclusively

selling tobacco products. It is also forbidden to sell tobacco products in Internet service stores, educational institutions or hospitals or in vending machines; the same law prohibits the advertising of tobacco products. According to the official recital of the law, these prohibitions were introduced to eliminate the potential sources that make tobacco products easily available to minors (*e.g.* easier access when in a display unit in a shop). Finally, Law 4093/2012⁷⁰ introduced one more safeguard, regulating hypermarkets that (hereinafter will⁷¹) sell tobacco products. The recital referred to Law 3919/2011 and the new sanitary regulation⁷² which allowed food stores to sell other products. It explained that due to the fact that all restrictions regarding the number of citizens that could be licensed for this particular operation have been abolished, there was an additional need to regulate a specific restriction in hypermarkets for the protection of public health. Therefore, the recent law introduced, especially in hypermarkets, the specific requirement of placing the products in closed display cases, behind the cashiers' area where the intercession of the personnel is needed for a customer to access the products.⁷³

However, a more recent circular⁷⁴ issued by the Ministry of Health interpreted the abovementioned developments differently. Based on the legal opinion of the Legal Council of the State,⁷⁵ the circular concluded that the restrictions on points of sale still exist (in the meaning of an exhaustive determination) with the only exception being the sale in hypermarkets in display cases. The rationale of the circular request is that the full liberalisation of the law should not take place for the retail sale of tobacco products for public health reasons.

- Harm to competition

The recent circular limits the points of sale and hence the suppliers of tobacco products. Furthermore, the interpretation of an exhaustive determination of the points of sale limits the ability of some types of suppliers to provide (and sell) tobacco products. Such restrictions limiting the number or range of suppliers (*e.g.* by requiring a licence, granting exclusive rights) and the resulting decline in rivalry can reduce incentives to meet consumer demands (*e.g.* the consumer would like to buy tobacco from another point of sale).

Additionally, given the different interpretation of the legal opinion and hence the circular request compared to the current legal framework, it is difficult for a potential entry to understand what is being regulated. Therefore, the complexity of the abovementioned regulation, and the question of the circular's lack of legal (and typical) force compared to the law, creates legal uncertainty and discourages potential operators from entering the market.

Finally, the restriction imposed by the circular's interpretation limits the number of suppliers in order to promote the protection of public health, which is already covered by the terms and conditions described in Law 3730/2008. The prohibitions and obligations described in the latter law (*e.g.* ban on advertising, prohibition of sale in educational institutions, hospitals, prohibition of sale of tobacco products in vending machines, use of display cases in stores) provide sufficient protection for the intended purpose of the policy maker; in cases where the national legislator has considered that there is direct and possible uncontrolled access to tobacco products, *i.e.* in hypermarkets, it has regulated the supply of such products in a stricter way. This does not mean that all other shops not referred to in the law are excluded from the supply of tobacco products. With this policy, minors are prevented from the risk of easy access to tobacco products. Therefore, the protection of public health,

expressed by the protection of minors, is achieved by less harmful restrictions compared to the limitation on suppliers to provide tobacco products.

- Recommendation and benefits

Following the analysis above, **the circular issued by the Ministry of Health should be abolished**. As a result, all suppliers can decide equally if they will sell tobacco products in the market and meet consumer demand and convenience. The number of suppliers will grow, providing enhanced competition in the market. Finally, legal certainty will be restored and potential players will be encouraged to enter the market whereas the protection of public health will be ensured through the existing legislation without further restrictions.

2.10 Conclusions on the sector findings

The legislation on retail trade has undergone substantial changes in recent years, including a new law on Sunday trading and the regulation on the distribution of products and services, both approved in 2013. However, our review of the laws and regulations on retail trade has indicated that there are still obsolete or restrictive provisions that harm competition. These provisions include the following:

- Rules that constrain the operation of businesses and their commercial practices. Despite the partial deregulation of Sunday trading, obstacles remain for larger stores and retail chains wishing to adopt more flexible hours. The regulation of seasonal sales, discounts and promotions is also restrictive and creates a burdensome system of compliance, while it does not ensure additional consumer protection.
- Restrictions on the sale of over-the-counter (OTC) medicines. The legislation establishes that OTC medicines, as well as vitamins and other food supplements, can only be sold in pharmacies. In addition, the pricing of OTC medicines is regulated, specifically by setting the maximum profit margins at wholesale level and at retail level by law. So far, the ex-factory price has been set by the law, even though legislation passed in 2013 leaves open how ex-factory prices are set. The joint restriction on sale channels and pricing severely limit competition in the market and lead to under-investment.
- Limits on the establishment and operation of pharmacies, which limit innovation and efficiency. For instance, there are restrictions on the establishment and ownership of pharmacies, as well as on the proportion of pharmacists and other employees working in a pharmacy. Moreover, the legislation sets restrictive rules on trading hours.

Additional limitations in the retail trade sector have been identified for outdoor trade and street markets, fuel retail, and for the pricing of books, including e-books, re-editions and reprints. The retail price of books is fixed by the publisher for two years, leading to high and rigid retail prices, inefficient distribution channels and limited incentives for innovation.

We have made 129 recommendations for the legislation on retail trade, out of a total of 210 provisions analysed in-depth in the course of the project.

Our recommendations will enable businesses to operate more flexibly and to respond more efficiently to market conditions. In addition, we recommend lifting barriers to entry, specifically when the legislation currently prevents certain retail channels from selling specific products. For instance, opening up distribution channels for OTC medicines and food supplements will greatly facilitate the

access of consumers to the above products and will enable the competition that is required to keep prices in check, while also stimulating investment along the supply chain.

We have developed estimates on the impact of the full liberalisation of Sunday trading (30 000 new jobs; EUR 2.5 billion increase in expenditure), the liberalisation of the pricing and retail channels for OTC medicines (EUR 102 million of annual consumer benefit) and a more flexible regulatory environment for promotions, seasonal sales and discounts (EUR 740 million increase in turnover). In addition to these benefits that we have quantified, we believe that our recommendations will help the retail sector achieve greater productivity and efficiency.

Notes

- 1 The above framework for operation hours may be extended upon decision of the local prefecture, depending on the specific conditions and needs of each region.
- 2 In tourist areas the prefectures may authorise the operation of other shops (for example, retail shops) which are not defined in the law.
- 3 The shops falling under article 42 Law. 1892/1990 and article 14 Law 2194/1994.
- 4 According to the recent report by McKinsey, Greece 10 Years Ahead (2012), the legislation framework in Greece allows for a maximum of 95 hours per week operation, when the average in other EU countries surveyed in that report is 119 hours per week. There is a negative correlation between the actual trading hours and the maximum allowed trading hours in the segments of grocery, apparel and electronics surveyed in the McKinsey report. In other words, allowing the possibility of opening for more hours (including Sunday) does not mean that retailers will necessarily use the maximum hours. It just allows them the opportunity to use trading hours as another strategic variable to differentiate themselves and achieve maximum profitability taking into consideration their customers' needs.
- 5 Arguments in favour of restrictions on Sunday opening based on positive externalities from communal leisure or for spiritual recreation have not been empirically examined formally as they are very difficult to quantify. Nonetheless, Gruber and Hungerman (2006) provide some interesting implicit evidence. They show that in the USA, when a state repeals its Sunday opening restrictions, religious attendance falls and church donations and spending fall as well. More interestingly, they find that repealing these blue laws leads to an increase in drinking and drug use and that this increase is found only among the initially religious individuals who were affected by the blue laws.
- 6 The figure is obtained by multiplying the estimated coefficient by food expenditure in Greece in 2011 (in PPS_EU 27, Eurostat).
- 7 Starting at 11:00 will guarantee no conflict with Sunday church service and hence allow employees or shop owners the opportunity to attend.
- 8 See article 16 of Law 4177/2013 Rules of market products and services and other provisions, (Official Gazette A' 173/8.8.2013).
- 9 The seven Sundays are: i) the first Sunday of the seasonal sales as defined in article 15 par. 1, i.e. regular seasonal sales from January until the end of February and July until the end of August and intermediate seasonal sales during the first 10 days of May and November, ii) two Sundays before Christmas and iii) on Palm Sunday.

- 10 Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market, Official Journal L 149.
- 11 The derivation of the estimate is based on the framework in Ennis (2013) summarised in the methodology annex. Turnover data is taken from Hellastat and it aggregates the following sub-sectors: retail sale in non-specialised stores; retail sale of information and communication equipment in specialised stores; retail sale of other household equipment in specialised stores; retail sale of cultural and recreation goods in specialised stores; retail sale of other goods in specialised stores.
- 12 We have not been able to identify similar restrictions on purchase prices in the UK, Italy, Spain, France, Portugal or Denmark.
- 13 Law 7 of 15 January 2006.
- 14 Code de la consommation.
- 15 European Parliament, Directorate-General for internal policies, 2011, Briefing paper on addressing unfair practices in business-to-business relations in the internal market.
- 16 These are as follows: (i) from the first Monday of January to the end of February; (ii) from the second Monday of July to the end of August; (iii) the first ten days of May; and (iv) the first ten days of November. The last two periods were recently introduced by Law 4177/2013, while earlier legislation on sales as set out in Law 3377/2005, which was previously in force, provided for only two periods of sales.
- 17 Office of Fair Trading, 2005, Research into misleading price comparisons.
- 18 Law 146/1914, article 7.
- 19 Department for Business Innovation and Skills, Pricing Practices Guide, November 2010.
- 20 Department for Business Innovation and Skills, Pricing Practices Guide, November 2010.
- 21 See article 1 and article 2 of the Ministerial Decision on Provisions on the pricing of the medicines, (Official Gazette B' 1446/14.6.2013).
- 22 Taking into consideration the recent legislation on the setting of maximum profit margins for wholesalers and pharmacies and not determining the ex factory price, in conjunction with the monopoly of pharmacies in the distribution channel, the harm to competition becomes more severe.
- 23 Estimated as the difference between turnover and cost of goods sold over turnover, using financial statements data provided by Hellstat.
- 24 AESGP (2013), *Market Data* (database), <http://goo.gl/BLmkK> (accessed 2 September 2013).
- 25 The derivation of the estimate is based on the framework in Ennis (2013) summarised in the Annex A of Chapter 2.
- 26 Vozikis, A. (2010), The Economics of Pharmacies, University of Piraeus. (2010).
- 27 These rules are governed by the provisions of Law 5607/1932, Law 1963/1991, Law 328/1976 and Law 3918/2011.

- 28 See article 8 of Law 5607/1932 on Establishment and operation of pharmacies, (Official Gazette A' 300/27.8.1932), as amended and in force.
- 29 See article 36 par. 3 of Law 3918/2011 on Pharmacies, private clinics and other issues, (Official Gazette A' 31).
- 30 See article 7 par.1 Law 328/1976 on Amendments of the pharmaceutical legislation, (Official Gazette A' 128).
- 31 These are the operating hours which are usually observed across the country as agreed by the local associations of pharmacies.
- 32 See Ministerial Decision 109282/2011 on Operation hours of pharmacies, (Official Gazette B' 2251/2011).
- 33 See article 36 par.5 of Law 3918/2011 “Pharmacies, private clinics and other issues” (Official Gazette A' 31).
- 34 <http://whocc.goeg.at/Publications/CountryReports> and Volkerink et al. (2007)
- 35 See Law 2323/1995 on Outdoor trade and other provisions, (Official Gazette A' 145/1995).
- 36 See article 8 (par. 3) of the Law 4177/2013 on Rules of market products and services and other provisions, (Official Gazette A'173/8-8-2013).
- 37 Article 2 (par. 2D) of the Presidential Decree 51/2006 on Terms on the operation of street markets, (Official Gazette A'53/13-3-2006).
- 38 Article 3 (par. 3) of the Presidential Decree 51/2006.
- 39 ibid Law 2323/1995.
- 40 See Law 3054/2002 on Organisation of the oil market and other provisions, Official Gazette, A' 230 2.10.2002.
- 41 See Ministerial Decision 16750/2005 on Licensing Regulation, Official Gazette, B' 1306/16.9.2005.
- 42 See Ministerial Decision A2-861/2013, on Rules of distribution of products and services, Official Gazette B'2044/2013.
- 43 Different licences are required for (a) production, (b) wholesale, (c) retail sale of road fuel/heating oil/LPG.
- 44 See article 5 par. 2 and article 7. par. 10.
- 45 See article 7 par. 11.
- 46 Note that in addition to private publishers there are also approximately 450 public sector legal entities and non-profit organisations engaged in publishing, of which over 130 publish on a yearly basis.

- 47 For a more detailed presentation see M. Canoy, J. van Ours and F. van der Ploeg (2006), “The economics of books” in V. Ginsburgh and D. Throsby (eds) *Handbook of the Economics of Art and Culture*, vol. 1, North Holland.
- 48 The law also sets an obligation for publishers to reimburse retailers in case of readjustment of the book price at a lower level than the initial retail price.
- 49 See, for instance, D. Stockman (2004), “Free or Fixed Prices on Books – Patterns of Book Pricing in Europe”, *The Public*, vol. 11(4), 49–64.
- 50 A report prepared for Office of Fair Trading, UK (full report at http://www.oft.gov.uk/shared_oft/economic_research/oft981.pdf) shows evidence on this direction.
- 51 See Ministerial Decisions 1233/1991 and 172/1992 on The registration system of detergents and cleaning products, (Official Gazette B'277/1992).
- 52 On the website of the General Chemical State Laboratory (GCSL) www.gcs.gr/index.asp?a_id=289&txt=y&show_sub=1
- 53 According to article 45 of the European Regulation 1272/2008, “Member states shall appoint a body or bodies responsible for receiving information relevant, in particular, for formulating preventative and curative measures, in particular in the event of emergency health response, from importers and downstream users placing mixtures on the market. This information shall include the chemical composition of mixtures placed on the market and classified as hazardous on the basis of their health or physical effects, including the chemical identity of substances in mixtures for which a request for use of an alternative chemical name has been accepted by the Agency”.
- 54 According to article 45 of the European Directive 99/45, “Member states shall appoint the body or bodies responsible for receiving information, including chemical composition, relating to preparations placed on the market and considered dangerous on the basis of their health effects or on the basis of their physico-chemical effects”.
- 55 See Ministerial Decision 265/2002 on Classification of dangerous preparations according to European Directive 1999/45/ and 2001/60, (Official Gazette B'1214/19.9.2002).
- 56 See Law 4177/2013 on Rules of market products and services and other provisions, (Official Gazette A'173/8-8-2013).
- 57 See Ministerial Decision A2-861/2013 on Rules of distribution of market products and services, (Official Gazette B'2044/22-8-2013).
- 58 See Law 3377/2005 on Rules of trade and other provisions, (Official Gazette A'202/19-8-2005).
- 59 See Ministerial Decision A2-96/2007 on Prices of products in limited access areas as determined in article 16 of the Law 3377/2005, (Official Gazette B' 55/24-1-2007).
- 60 Guidelines on Vertical Restraints for the assessment of vertical agreements under Article 101 of the Treaty on the Functioning of the European Union of the Commission Regulation (EU) No 330/2010 of 20 April 2010, SEC (2010) 411, point 226.
- 61 *ibid*, point 227.
- 62 As argued in Opinion 24/VII/2012 of the Hellenic Competition Commission, point 41.

- 63 See Law 802/1978 On standardisation of land products and establishing of central markets and other provisions, (Official Gazette A'3/9-8-1978) as amended.
- 64 See Law 1044/1971 on The protection of war handicaps and war victims, (Official Gazette A'245), as amended and is in force.
- 65 See Law 3730/2008 on Minor's protection from tobacco and alcoholic beverages, and other provisions, (Official Gazette A' 262/23.12.2008).
- 66 See Law 3919/2011 on Professions' freedom and the abolishment of unjustified restrictions in the access to professions, (Official Gazette A' A 32/2-3-2011).
- 67 Opinion no 23/VII/2012 of the Hellenic Competition Commission regarding the restrictions on the retail sale (licences, etc.) of tobacco products,
www.epant.gr/img/x2/gnomod/gnomodo27_1_1359472984.pdf
- 68 See Circular 797/2012 (ΑΔΑ Β4Θ046-ΨΚ8) of the Minister of Defence on The implementation of the Law 3919/2011 for professions' freedom and the abolishment of unjustified restrictions in the access to professions.
- 69 See article 2 par. 2 of Law 3730/2008.
- 70 See Law 4093/2012 on Adoption of the Medium Term Fiscal Strategy 2013-2016 - Urgent Measures Application of Law 4046/2012 and the Medium Term Financial Strategy from 2013 to 2016, (Official Gazette A' 222/12.11.2012), part H4.
- 71 Due to the liberalisation of licences.
- 72 See Sanitary Regulation Υ1γ/Γ.Π./οικ. 96967 (Official Gazette B'2718/2012).
- 73 Part H4 of Law 4093/2012 “especially in hypermarkets placement of tobacco products is permitted in closed display cases located inside the store after the cash register area, which access is mediated by store personnel”.
- 74 See no. ΔΥΓ6/Γ.Π.οικ. 82881 Circular on Implementation of the legal opinion of the Legal Council of the State regarding the points of sale on tobacco products, signed by the Deputy Minister and published on 5 September 2013.
- 75 See no. 151/2013/26-3-2013 legal opinion of the Legal Council of the State, Department D, accepted by the Minister of Health. The opinion interprets that Law 3730/2008 “exhaustively specifies the places that tobacco products can be sold” instead of regulating only the terms and conditions of the retail sale of them. Furthermore, the opinion concludes that the restrictions are justified on public interest reasons and given the intended purpose of preventing from the harmful effects of smoking on human health; the restrictions are not disproportionate given that the number of points of sale (e.g. kiosks, convenience stores) is already in a large extent across the state and fulfil consumer demand. Given that, the implementation of the provisions [Law 3919/2011] which would result in the full liberalisation of professions may not apply in the retail sale of tobacco products and should be considered as contrary to the Constitution, EU legislation and the Convention of the World Health Organization for the control of tobacco, which was ratified with Law 3420/2005 (Gazette 298 A'). However, it seems that the legal opinion confuses the terms and conditions of Law 3730/2008 (e.g. prohibition of display cases in shops, except in kiosks, duty free shops, and shops that sell exclusively tobacco products, display cases behind the cashier area in hypermarkets) and interprets it as “exhaustively determined points of sale” which is not the word of the law or the rationale for the

provision. The prohibition of some points of sale stipulated by the law (*i.e.* educational institutions) which does not necessarily mean, on the contrary, that the law defines the points of sale in an exhaustive way.

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Annex 2.A1

SUNDAY TRADING

Empirical methodology

During the last two decades many European countries have deregulated Sunday trading. However, as the literature review above demonstrated, there is no systematic cross country evidence on the impact of these changes, only country case studies. We try to fill this gap by analysing consistently the impact of deregulation across European countries on retail prices, expenditure, employment and concentration. The aim is to try to draw some lessons from the European experience as to the likely impact of Sunday trading deregulation in Greece. In this section we first present the new index of Sunday regulation, we then analyse our empirical framework and lastly the data used.

To assess the European experience over the last two decades, we started by first constructing a Sunday regulation index. Our Sunday index indicator takes values from 1 (least restrictive) to 6 (most restrictive) as shown in Table 2.A1.1. Our new index is based on the OECD product market regulation (PMR) indicator.¹ We preserved the basic idea of this indicator (no regulation=0, local regulation=4, national regulation=6) but extended it so that it has more categories that correspond to the variation observed in legislation across Europe.²

Table 2.A1.1 - Sunday regulation index

Scale	Description
1	No restriction
2	No restrictions in major cities and tourist destinations
3	Large shops can open only for a limited number of hours on Sunday
4	Varies across parts of the country, depending on local regulation
5	Shops can only open for limited number of Sundays
6	Shops are not allowed to open on Sundays

Source: Authors' estimates based on the OECD product market indicator on regulation of shop opening hours and legislation search in secondary sources on timing and extent of reforms.

We then rated each country's regulation concerning Sunday trading over time. Figure 2.A1.1 presents the evolution of the Sunday regulation index for 30 European countries (EU-27, Norway, Iceland and Switzerland) from 1999 to 2011. Notice two important facts. First, the level of regulation varies across EU countries. Second, the trend across Europe is towards liberalising restrictions on Sunday trading. In our empirical framework we essentially examine the experience of those countries that changed Sunday regulation (Germany, Denmark, Spain, Finland, France and Italy) compared to those that did not.

Figure 2.A1.1. Evolution of the Sunday regulation index

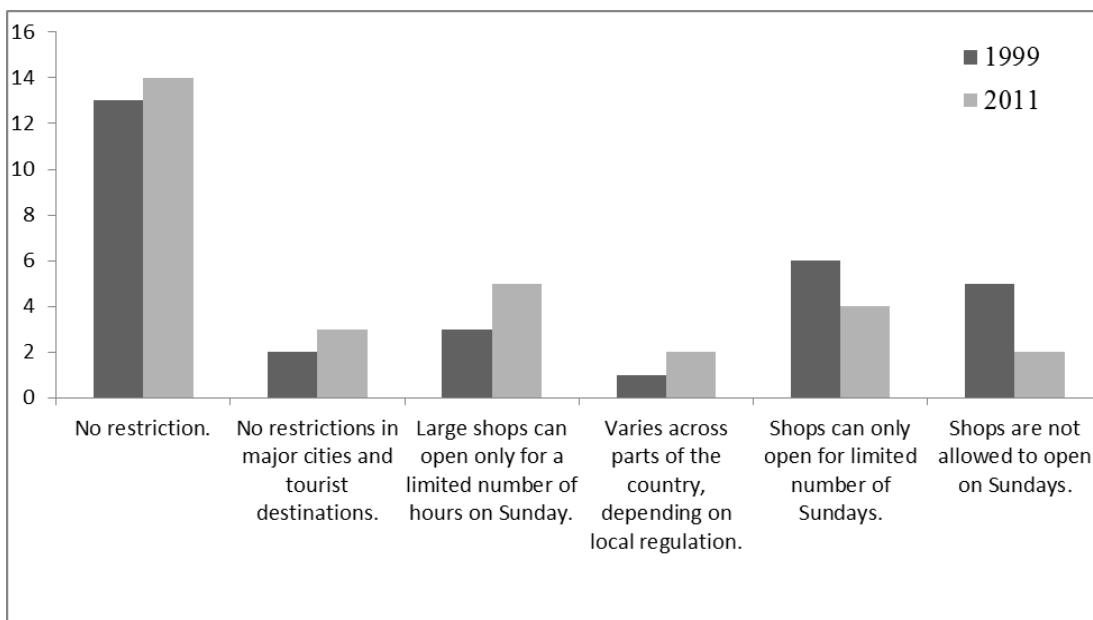


Table 2.A1.2. Summary statistics

Variable	Observations	Mean	Standard deviation	Min	Max
In(Price index) _{jct}	1170	4.556	0.252	3.691	5.271
Regulation _{ct}	1170	0.077	0.267	0	1
Regulation index _{ct}	1170	0.059	0.256	0	3
In(Expenditure) _{jct}	1170	6.632	0.698	4.110	7.768
In(Employment) _{jct}	4749	8.202	2.138	0	14.051
Regulation _{ct}	4749	0.077	0.266	0	1
Regulation index _{ct}	4749	0.051	0.206	0	1.5
In(Number of firms) _{jct}	4749	6.910	2.064	0	11.491
In(Number of firms) _{jct}	4878	6.808	2.165	0	11.491
Regulation _{ct}	4878	0.077	0.267	0	1
Regulation index _{ct}	4878	0.051	0.205	0	1.5

Notes: The above table provides summary statistics on the key variables used in Tables 2-4.

Source: Authors' calculations based on the Eurostat data on purchasing power parities and structural business statistics

We also collected panel data on price level indices (EU27=100), real expenditure per capita (in PPS_EU27), real gross domestic product per capita (as a proxy for income), number of employees and number of firms from Eurostat³ for three products (food, clothing & footwear and household furnishing, equipment and maintenance) and 16 four digit retail sectors.⁴ Table 2.A1.2 presents some summary statistics on the data utilised.

Our empirical analysis is based on the following difference-in-difference specification:

$$(1) \ln Y_{jct} = \alpha_{jc} + \alpha_t + \beta_1(\text{Sunday regulation})_{ct} + \gamma Z_{ct} + \varepsilon_{jct}$$

The dependent variable in (1) is the logarithm of the variable of interest in product (or sector) j in country c in year t . Time-fixed effects (α_t) and sector-country (α_{jc}) fixed effects control for global trends and sector-country time-invariant characteristics, respectively, whereas, Z_{ct} , includes additional controls (such as GDP per capita). The main variable of interest, $\text{Sunday regulation}_{ct}$, is a binary indicator variable that takes the value one in the years when countries deregulate Sunday trading.

This estimation framework constitutes a difference-in-difference model, where countries that deregulate are the “treated” group, while non-reforming countries (that did not change their Sunday operation regulation) are the “control” group. Due to the inclusion of sector-country and time-fixed effects, the impact of regulation on the dependent variable is identified from countries that changed their Sunday regulation and measures the effect of regulation in reforming countries compared to the general evolution of the dependent variable (for example, prices or expenditure) in non-reforming countries.

This fixed effect specification allows us to control for time-invariant sector-country differences that may influence both regulation and prices, expenditure or employment. Furthermore, the specification also accounts for common global trends, such as the boom period during the nineties or the effects of the recent recession related to the financial crisis. Inclusion of these fixed effects allows for the most conservative estimation of the effects of Sunday opening deregulation.

However, some may argue that looking only at the changes on Sunday regulation might bias upwards any evidence of the impact of regulation when using only a binary indicator for regulation. We tackle this possibility head-on by distinguishing between countries that have introduced substantial changes in their regulation (for example, Italy that moved from 4 in 1999 to 1 in 2011) and countries that introduced less significant changes (for example, Germany from 6 in 1999 to 4 in 2011). Following Card and Kruger (1994), we construct the following regulation index:

$$\text{Sunday regulation index}_{ct} = \begin{cases} 0 & \text{if S.regulation did not change} \\ \frac{\text{Max S.regulation}_{ct} - \text{S.regulation}_{ct}}{\text{S.regulation}_{ct}} & \text{if S.regulation changed} \end{cases}$$

In other words, when the country has not changed its Sunday regulation, the index takes a value of zero. If instead the country has changed its Sunday regulation, the index takes larger values the more significant the reform. This index takes advantage not only of the different timing of the deregulation across countries, but also of the widespread variation of the reforms that have taken place.

Results and discussion

Table 2.A1.3 presents the results for the price indices and expenditure on the three products (food, clothing and footwear and household appliances).⁵ We selected these products to represent the range of different price and income impact of Sunday regulation. The first two columns use the price index for each of these products as the dependent variable. In column (1), where we use the binary indicator for Sunday regulation, none of the coefficients are statistically significant, indicating that the countries that experience a change in regulation did not experience any differential impact on the price growth of these products compared to the control group of countries. A similar picture emerges from

column (2), where we use the more sophisticated Sunday regulation index, as none of the coefficients are statistically significant except for appliances, indicating an increase in price growth of 0.07%. Hence, looking at the available data across Europe on price indices, Sunday trading deregulation does not seem to impose any significant downward pressure on price growth.

The next two columns use real expenditure per capita (in PPS_EU27) as the dependent variable. Both column (3) and (4) indicate that the only product significantly affected was food, where its expenditure increased between 0.18% (when using the Sunday regulation index) and 11% (when using the binary indicator for regulation). Apparently, regulating Sunday opening in appliances and clothing shops results mainly in redirecting the purchase of these items from Sunday to other days of the week, while in food at least some of the Sunday spending is redirected to other industries or altogether lost.

In the last two columns we use the expenditure share for these products (over the overall expenditure) to examine whether the increased expenditure was the result of consumers redirecting expenditure from other segments into these products or not. Results in columns (4) and (5) seem to indicate that, holding expenditure fixed, there was some substitution away from other sectors and into food, but the magnitude of this effect is rather small (between 0.08% and 5%). Therefore, Sunday liberalisation seems to have a positive effect on expenditure, but not across all products, which is only partly attributed to attracting expenditure from other products.

Table 2.A1.3 The impact of Sunday opening on prices and expenditure

TABLE 3 - THE IMPACT OF SUNDAY OPENING ON PRICES AND EXPENDITURE						
	(1)	(2)	(3)	(4)	(5)	(6)
Estimation method	OLS	OLS	OLS	OLS	OLS	OLS
Dependent variable	lnP _{jet}	lnP _{jet}	lnExpenditure _{jet}	lnExpenditure _{jet}	lnShareExpenditure _{jet}	lnShareExpenditure _{jet}
Regulation _{ct} *Appliances	0.029 (0.020)		0.038 (0.037)		0.003 (0.028)	
Regulation _{ct} *Clothing	0.008 (0.029)		0.040 (0.043)		-0.003 (0.042)	
Regulation _{ct} *Food	-0.002 (0.019)		0.107*** (0.030)		0.049* (0.026)	
Regulation Index _{ct} *Appliances		0.034*** (0.011)		0.033 (0.022)		0.004 (0.018)
Regulation Index _{ct} *Clothing		0.020 (0.019)		0.020 (0.035)		-0.012 (0.037)
Regulation Index _{ct} *Food		0.002 (0.015)		0.094*** (0.023)		0.043** (0.017)
log(real income per capita) _{ct}	0.565*** (0.087)	0.570*** (0.086)	1.311*** (0.168)	1.297*** (0.167)	0.554** (0.222)	0.550** (0.221)
Country-Sector FE	yes	yes	yes	yes	yes	yes
Time FE	yes	yes	yes	yes	yes	yes
Observations	1,170	1,170	1,170	1,170	756	756
Clusters	90	90	90	90	84	84

Notes: The dependent variable is the logarithm of the PPP adjusted price indices (EU27=100) in columns 1 and 2, the real expenditure per capita in columns 3 and 4 and the share of real expenditure per capita in columns 5 and 6. Regulation is a binary indicator that takes the value of one when the country changed its regulation regarding Sunday opening hours. Regulation index is calculated as follows: (max regulation indicator-current regulation indicator)/current regulation indicator. Standard errors clustered at the country-sector level are reported in parenthesis below coefficients: *significant at 10%; **significant at 5%; ***significant at 1%.

Source: Authors' calculations based on the Eurostat purchasing power parities dataset.

Table 2.A2.4. presents the results of the impact of Sunday trading deregulation on employment and concentration for 16 four digit retail sectors. In the first two columns we examine the impact on net employment using either the simple binary indicator for regulation (column (1)) or the Sunday regulation index (column (2)). Nine out of the 16 sectors experience a significant positive impact on next employment, with only three sectors having a negative net impact on employment.

In the next two columns we also examine the impact on employment, but now controlling for the number of firms in each sector. In other words, we examine whether surviving firms increase or

decrease their hiring in countries that deregulated, compared to countries that did not change their Sunday regulation. Both columns (3) and (4) indicate that in five sectors (out of the nine with positive impact) there was a positive increase in employment for the firms already in the market, whereas the three sectors that experienced a decrease in net employment also experience a reduction in the employees already working in these sectors. Therefore, as also indicated in the literature review, there is substantial evidence that Sunday trading deregulation leads to a significant increase in employment by pushing existing firms to hire more employees, but also by inducing new firm entry.

The last two columns examine the impact on concentration by looking at the impact of deregulation on the number of firms in each sector.⁶ Eight out of 16 sectors have a positive and significant coefficient indicating that the number of firms in these sectors increased as a result of Sunday deregulation compared to only two sectors that experienced a reduction in the number of firms and hence an increase in concentration. Unfortunately, we do not have data on the market shares or the size of these firms that would allow us to say whether sales moved towards larger firms or not. However, the fact that there is significant entry of new firms for the majority of these retail sectors seem to indicate that the market is pretty open and competitive and does not seem to become more oligopolistic in nature.

Table 2.A2.4. The impact of Sunday opening times on employment and concentration

Estimation method Dependent variable	OLS Ln Employment jct	OLS Ln Employment jct	OLS Ln Employment jct	OLS Ln Employment jct	OLS Ln Number of Firms jct	OLS Ln Number of Firms jct
Regulation _{ct} * Other retail sale in non-specialised stores	0.042 (0.057)	0.052 (0.051)	-0.386*** (0.085)	-0.427*** (0.090)	0.744*** (0.122)	0.877*** (0.122)
Regulation _{ct} * Other retail sale of food, beverages and tobacco in specialised stores	0.376*** (0.079)	0.341*** (0.129)	0.271*** (0.073)	0.257** (0.100)	0.218** (0.102)	0.174* (0.100)
Regulation _{ct} * Retail sale in non-specialised stores with food, beverages or tobacco predominating	0.124*** (0.038)	0.135*** (0.050)	0.099** (0.049)	0.131*** (0.045)	0.056 (0.048)	0.016 (0.050)
Regulation _{ct} * Retail sale of alcoholic and other beverages	0.207* (0.124)	0.272*** (0.095)	0.075 (0.055)	0.107** (0.051)	0.257* (0.133)	0.320*** (0.091)
Regulation _{ct} * Retail sale of books, newspapers and stationery	-0.434*** (0.087)	-0.565*** (0.079)	-0.081 (0.073)	-0.061 (0.104)	-0.677*** (0.200)	-0.971*** (0.116)
Regulation _{ct} * Retail sale of bread, cakes, flour and sugar confectionery	0.225** (0.104)	0.247** (0.105)	0.111** (0.048)	0.133** (0.063)	0.235 (0.154)	0.233* (0.134)
Regulation _{ct} * Retail sale of clothing	0.168*** (0.042)	0.191*** (0.042)	0.101*** (0.034)	0.139*** (0.027)	0.142*** (0.043)	0.112** (0.050)

Estimation method	OLS	OLS	OLS	OLS	OLS	OLS
Dependent variable	Ln Employment jct	Ln Employment jct	Ln Employment jct	Ln Employment jct	Ln Number of Firms jct	Ln Number of Firms jct
Regulation _{ct} * Retail sale of electrical household appliances	-0.511*** (0.075)	-0.582*** (0.106)	-0.267*** (0.060)	-0.254*** (0.085)	-0.464*** (0.098)	-0.629*** (0.075)
Regulation _{ct} * Retail sale of fish, crustaceans and molluscs	0.053 (0.088)	0.017 (0.115)	0.041 (0.050)	0.038 (0.065)	0.035 (0.088)	-0.028 (0.115)
Regulation _{ct} * Retail sale of footwear and leather goods	0.116** (0.056)	0.161*** (0.050)	0.076* (0.046)	0.111** (0.050)	0.089** (0.041)	0.107** (0.044)
Regulation _{ct} * Retail sale of fruit and vegetables	0.143 (0.113)	0.137 (0.106)	0.117 (0.072)	0.112 (0.074)	0.063 (0.100)	0.059 (0.085)
Regulation _{ct} * Retail sale of furniture, lighting equipment and household articles	0.095 (0.062)	0.129** (0.051)	0.051 (0.063)	0.075 (0.055)	0.098** (0.050)	0.115** (0.052)
Regulation _{ct} * Retail sale of hardware, paints and glass	0.091** (0.036)	0.102** (0.040)	0.039 (0.049)	0.086** (0.043)	0.113 (0.100)	0.042 (0.107)
Regulation _{ct} * Retail sale of meat and meat products	0.015 (0.081)	-0.004 (0.130)	0.044 (0.072)	0.047 (0.109)	-0.046 (0.044)	-0.088 (0.055)
Regulation _{ct} * Retail sale of textiles	-0.136*** (0.049)	-0.193*** (0.039)	-0.152*** (0.040)	-0.206*** (0.028)	0.043 (0.052)	0.037 (0.049)
Regulation _{ct} * Retail sale of tobacco products	-0.139 (0.273)	0.104 (0.217)	-0.032 (0.104)	0.068 (0.085)	-0.161 (0.319)	0.099 (0.249)
In (real Income per capita) _{ct}	0.379* (0.199)	0.376* (0.197)	-0.031 (0.151)	-0.026 (0.149)	0.825*** (0.199)	0.800*** (0.198)
In (number of firms) _{jct}			0.512*** (0.034)	0.514*** (0.034)		
Country-Sector FE	yes	yes	yes	yes	yes	yes
Time FE	yes	yes	yes	yes	yes	yes
Observations	4749	4749	4749	4749	4878	4878
Clusters	447	447	447	447	448	448

Notes: Regulation is a binary indicator that takes the value of one when the country changed its regulation regarding Sunday opening hours. Regulation index is calculated as follows: (max regulation indicator-current regulation indicator)/current regulation indicator. Standard errors clustered at the country-sector level are reported in parenthesis below coefficients:
*significant at 10%; **significant at 5%; ***significant at 1%.

Source: Authors' calculations based on the Eurostat Structural Business Statistics dataset.

Notes to Annex 2.A1.

- 1 In particular, it is based on the sub-question related to the regulation of shop trading hours.
- 2 The two indicators are highly correlated (correlation coefficient = 0.83).
- 3 Eurostat (2013), *Purchasing power parities* (database), *Annual detailed enterprise statistics for trade* (database) and *Structural Business Statistics* (database), <http://epp.eurostat.ec.europa.eu/> (accessed 18 June 2013).
- 4 The sixteen retail sectors are: other retail sale in non-specialised stores; other retail sale of food, beverages and tobacco in specialised stores; retail sale in non-specialised stores with food beverages or tobacco predominating; retail sale of alcoholic and other beverages; retail sale of books, newspapers and stationery; retail sale of bread, cakes, flour and sugar confectionery; retail sale of clothing; retail sale of electrical household appliances; retail sale of fish, crustaceans and molluscs; retail sale of footwear and leather goods; retail sale of fruit and vegetables; retail sale of furniture, lighting equipment and household articles; retail sale of hardware, paints and glass; retail sale of meat and meat products; retail sale of textiles; retail sale of tobacco products.
- 5 All reported standard errors are based on a generalised White-like formula, allowing for country-sector level clustered heteroscedasticity and autocorrelation (Bertrand et al., 2004).
- 6 Ideally we would like to have the sales or market share for each of these firms to measure changes in concentration, but such data is not available. For this reason we utilise the number of firms as an imperfect proxy for the changes in market structure (entry and exit) as a result of deregulation.

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Annex 2.A2

OVER-THE-COUNTER MEDICINES

Estimation of the impact of regulation on over-the-counter (OTC) prices

In this annex, we present the methodology, data and results of the quantification of the impact of price and distribution regulation on OTC prices across EU countries. Price regulation in each country can be imposed at factory, wholesale and/or retail level. Similarly, regulation can also dictate the distribution channels through which OTC medicines and dietary supplements are allowed to be sold to consumers. As analysed in detail in the main text, OTCs can be sold through pharmacies, but also through drugstores, supermarkets, convenience stores and gas stations. Since EU countries allow for different combinations of these two types of regulations, this allows us to estimate the impact of regulation on OTC prices along the value chain.

Our empirical framework is based on the following specification:

$$(1) \ln P_{jct} = \alpha_j + \alpha_c + \alpha_t + \beta R_c + \gamma Z_{ct} + \varepsilon_{jct}$$

The dependent variable in (1) is the logarithm of the price (ex-factory, wholesale or retail) of an OTC with active ingredient j in country c in year t . We allow for year (α_t), country (α_c) and active ingredient (α_j) fixed effects which control for global trends, country time-invariant and active-ingredient characteristics, respectively. We also include additional controls (Z_{ct}), such as disposable income per capita, that vary over time and across countries. The main variables of interest are the regulation indicators (R_c), which identify the type of regulation imposed in a particular country, either on prices or on the distribution channels.

Our pricing data, supplied by Minte Ltd., includes 727 559 observations on non-reimbursable, non-prescription pharmaceutical preparations in 25 EU member states from 2009 to 2013 (no pricing data was available for Croatia, Luxembourg or Malta). This data is very detailed and contains the name of the product (for example, Depon), its manufacturer (for example, Bristol-Myers Squibb), its active ingredients (for example, paracetamol), its packaging (for example, 10 tablets), its form (for example, oral) along with the factory, wholesale and retail list prices by country and year. In order to achieve comparability across packages of the same medicine, the prices per package were converted into prices per quantity of the active ingredients.¹ The prices expressed in local currency in the countries outside the Euro area were converted to EUR using average annual exchange rate data from Eurostat. We also collected data on the disposable income per capita from Eurostat to control for the impact of living standards on OTC prices and for the different timing of the recession-recovery cycle across the countries in the sample.

The regulatory differences across countries, presented in Table 2.A2.2, were converted to binary indicators. The general rule that we applied was to assign the value of 1 (one) to restricted regulatory

¹ For this calculation we assume linear pricing with respect to the strength and quantity of the active ingredients.

frameworks and 0 (zero) to liberalised markets. Hence, positive coefficients in regressions of prices on these binary indicators imply that regulation leads to higher prices and vice versa. In particular, we constructed the following binary indicator variables:

- Factory regulation: This indicator equals 1 if the factory prices in country c are set by the regulators, and 0 otherwise.
- Wholesale regulation: This indicator equals 1 if the wholesale and retail profit margins (no country in the sample regulated only wholesale or only retail margins) are determined by law, and 0 otherwise.
- Distribution regulation: This indicator equals 1 if all alternative channels to pharmacies (drugstores, supermarkets, convenience stores and gas stations) are restricted, and 0 otherwise.
- Regulation: This indicator equals 1 if the sale of OTCs is not allowed in any of the above alternative channels and the price is controlled at ex-factory, wholesale and retail level, and 0 otherwise.

Table 2.A2.1 provides some summary statistics.

Table 2.A2.1. Summary statistics

Variable	Observations	Mean	Standard deviation	Min	Max
In(ex-factory price) _{ict}	592 845	-4.149	2.080	-8.756	2.037
In(wholesale price) _{ict}	239 137	-3.989	1.961	-7.803	1.438
In(retail price) _{ict}	280 171	-3.629	1.871	-7.324	0.630
Factory regulation _c	700 126	0.060	0.237	0	1
Wholesale regulation _c	700 126	0.318	0.466	0	1
Distribution regulation _c	700 126	0.459	0.498	0	1
Regulation _c	700 126	0.060	0.237	0	1
In(disposable income) _{ct}	700 126	0.004	0.554	-1.607	0.607

Unfortunately, a complete pricing data sample could not be obtained, as some countries do not report prices at factory, wholesale and/or retail level. The logarithm of average OTC prices per unit of active ingredients and the availability of pricing data by country is presented in Table 2.A2.2.

Table 2.A2.2. Average price and number of observations per country

Country	In(ex-factory price)	In(wholesale price)	In(retail price)
Austria	-4.338 (19 060)	-4.215 (19 060)	-3.853 (19 060)
Belgium	-4.460 (32 546)	-4.043 (4 635)	-3.939 (3 963)
Bulgaria	-4.081 (5 732)	-3.989 (5 347)	-3.821 (5 347)
Cyprus	n.a. (0)	-4.092 (2 351)	-3.785 (2 351)

Country	In(ex-factory price)	In(wholesale price)	In(retail price)
Czech Republic	-3.735 (31 557)	n.a. (0)	-3.711 (4 988)
Germany	-4.260 (79 571)	n.a. (0)	-3.277 (104 350)
Denmark	n.a. (0)	-3.809 (4 564)	-3.521 (4 564)
Estonia	-4.146 (612)	-4.077 (612)	-3.924 (612)
Spain	-4.389 (132 512)	n.a. (0)	-4.147 (11 058)
Finland	-4.102 (18 922)	-3.952 (27 333)	-3.880 (26 109)
France	-4.086 (12 550)	n.a. (0)	n.a. (0)
United Kingdom	-4.222 (25 378)	-4.089 (25 378)	-3.940 (8 711)
Greece	-4.004 (7 070)	-3.81 (8 507)	-3.542 (8 507)
Hungary	-3.841 (21 743)	-3.781 (21 743)	-3.586 (21 743)
Ireland	-3.994 (11 191)	-3.825 (14 612)	n.a. (0)
Italy	-3.929 (58 785)	n.a. (0)	-3.806 (8 014)
Lithuania	-4.310 (10 594)	-4.092 (10 594)	-4.076 (1 226)
Latvia	-4.197 (7 009)	-4.115 (7 009)	-3.910 (993)
Netherlands	-4.593 (21 683)	-4.346 (30 968)	n.a. (0)
Poland	-4.484 (9 718)	-4.038 (2 406)	-4.281 (9 325)
Portugal	-3.628 (4 948)	n.a. (0)	-4.347 (6 716)
Romania	-4.202 (22 598)	-4.086 (22 598)	-3.829 (22 598)
Sweden	n.a. (0)	-3.995 (6 030)	-3.562 (6 030)
Slovenia	-3.539 (20 501)	-3.464 (21 409)	n.a. (0)
Slovakia	-3.770 (29 897)	-4.059 (2 943)	-3.873 (2 943)

Note: The figures in brackets indicate the number of available observations, after trimming 5% off both ends of the overall distribution of ex-factory, wholesale and retail prices.

The estimation method used was generalised least squares, where the assumption of independent observations was relaxed with respect to prices determined by the same company supplying the pharmaceutical preparation, by clustering the error terms at the manufacturer level. Also, empirically to minimise any bias from outliers, the data sample was trimmed symmetrically at 5% cut-off points of the distribution of prices at ex-factory, wholesale and retail level.²

The results are presented in Table 2.A2.3. The first column shows the results for the regression of OTC factory prices on factory price regulation. Results indicate that counties that regulate prices at the factory level have higher prices on average. Similarly, column two measures the impact of wholesale regulation on wholesale prices. Again, regulatory restrictions seem to have a positive effect on wholesale prices. In column 3, we run the same regression, allowing also for factory regulation. Both effects are positive and significant, indicating that each additional layer of regulation increases wholesale prices independently.

Table 2.A2.3. Impact of regulation on OTC prices

Variables	(1) Ex-factory price	(2) Wholesale price	(3) Wholesale price	(4) Retail price	(5) Retail price	(6) Retail price	(7) Retail price
Regulation _c							0.276** (0.119)
Factory regulation _c	0.304*** (0.065)		0.314** (0.143)	0.276** (0.119)			
Wholesale regulation _c		0.146** (0.064)	0.146** (0.064)		0.223*** (0.068)		
Distribution regulation _c						0.128 (0.401)	
In(disposable income) _{ct}	0.209* (0.108)	-0.038 (0.252)	-0.038 (0.252)	0.516* (0.307)	0.516* (0.307)	0.516* (0.307)	0.516* (0.307)
Observations	303 851	143 605	143 605	211 247	211 247	211 247	211 247
Adj R ²	0.737	0.767	0.767	0.788	0.788	0.788	0.788

Note: Robust standard errors are reported in parentheses: * significant at 10%, ** significant at 5%, *** significant at 1%.

In the last four columns we investigate the effects of regulation on retail prices. In column 4 we show that factory regulation increases retail prices as well, whereas in column 5 we can see that the effect of wholesale regulation is also positive. Column 6 also identifies a positive effect of distribution channel restrictions, although its effect is not statistically significant. Finally, column 7 presents the effect of the composite regulation indicator on retail prices. The results indicate that in countries where the sale of OTCs is restricted to pharmacies and the prices are controlled at factory, wholesale and retail level, as is the case in Greece, the retail pre-tax prices per unit of active ingredient are higher on average by 27.6%.

Concluding, we should note a few caveats. First, the price data used are listed and not transaction prices, so our results should be interpreted as a lower boundary of the impact of regulation. Second, there seem to be a serious multicollinearity problem, as, for example, countries without trade margin

² We also excluded data on Slovenia for the whole period and on Bulgaria, France and Romania for 2013 due to data reliability issues.

controls also tend to have liberalised one or more of the distribution channels and vice versa. This perhaps explains why in column 6 it is difficult to measure independently the impact of distribution regulation. We tried to mitigate this problem by creating the composite regulation indicator. However, a more complete analysis would investigate a change in the relevant regulation for a set of countries and compare the prices with those of countries that had the same regulatory regime in a difference-in-difference framework. Unfortunately, that was not possible given the timespan of our data. These considerations indicate that the results should be interpreted with care, pointing to the need for further research on this topic to establish the impact of policy change in this market with the sufficient degree of robustness. Nevertheless, the analysis provides a strong indication that OTC price controls, combined with distribution channel restrictions, are not effective in minimising the cost of self-medication therapies.

Dataset

Minte Ltd. (2013), Database of Medicine Prices.

CHAPTER 3

BUILDING MATERIALS

The building materials sector covers many categories of economic activity. This assessment studied legislative restrictions in categories such as cement production and mines and quarries, and evaluated both harmonised and non-harmonised European standards for construction products. Specifically, transport and distribution centres for cement and exploitation rights for mines and quarries were studied with evaluation of existing harm to competition and potential benefits if restrictions are lifted. The categorisation of harmonised, non-harmonised and national specifications, which are set to ensure a uniform level of quality of products and constructions standards, is discussed for a variety of materials used in construction, among them plastic tubes, steel and chemicals and paints. The non-harmonisation of these specifications creates a double standard and constitutes a barrier to entry for manufacturers and suppliers to operate. The cumulative effect of the recommended changes will make building materials markets more open and competitive to the benefit of consumers.

3.1 Sector overview

The building materials sector cuts across a number of categories of economic activity.¹ It is made up of companies involved in mining, quarrying, manufacturing and the wholesale trade of materials for construction, such as cement, paint, window and door frames, steel reinforcements, tiles, roofing materials, wood and plumbing materials.

The manufacturing of building materials² generated EUR 5.3 billion of Gross Value Added (GVA) in 2010, accounting for 27.2% of total manufacturing in Greece. Non-metallic products was the largest subsector in 2010, accounting for 28.6% of the GVA of the building materials manufacturing sector, followed by fabricated metal products (26.1%) and basic metals (22.1%).

Employment in mining and manufacturing of building materials reached about 109 300 in the third quarter of 2012. Job losses in the sector, since the corresponding period in 2008 when employment stood at about 160 600, reached 53 100 or 32.7% of the total.

The performance of the building materials sector is tightly linked with construction activity. Construction did exceptionally well until 2006 due to extensive public works and growing housing activity, but since then it has been declining. In particular, the index tracking the useful floor area of new buildings has contracted in Greece with an annual average rate of 33.2% between 2008 and 2012. The contraction accelerated in 2012, when building construction declined by 37.8%. The fall is even greater in the current year, as in the first five months of 2013 the index has fallen by 55.4% year-on-year.

Using the methodology outlined in OECD (2011a and 2011b), the OECD examined the legislation pertaining to building materials. Given that a number of categories of economic activity belong to this sector, a broad range of framework regulations was reviewed, among others establishing and licensing of companies, transportation, quality controls, warehousing and public works. In addition, the OECD reviewed specific regulations according to the type of material manufactured, such as concrete and steel. As a result of this extensive screening process, the obstacles to competition were identified in the following categories of building materials:

- manufacture of cement (sector 23.5.1 in NACE Rev. 2)
- aluminium production (sector 24.4.2 in NACE Rev. 2)
- manufacture of plastic products (sector 22.2 in NACE Rev. 2)
- manufacture of paints, varnishes and similar coatings, printing ink and mastics (sector 20.3 in NACE Rev. 2)
- mining and quarrying (sector B in NACE Rev. 2)
- quarrying of ornamental and building stone (sector 08.1.1 in NACE Rev. 2)

Cement production constitutes one of the major manufacturing industries contributing to the Greek economy, with positive net exports mainly to countries outside the European Union (EU). However, over the past five years the cement industry in Greece has contracted dramatically as a result of the decline in private building activity and the halt of public works. In 2011 the volume of production fell by 63% compared with its peak in 2006. Meanwhile, the volume of exports in 2011 fell by 45% year-on-year, which is mainly attributed to the intense competition from exporting countries outside the EU and the ongoing crisis in the construction sector in major markets both in Western Europe and in the Middle East (*e.g.* Egypt and Libya).

Table 3.1. Cement production, imports and exports (in 1000 tonnes)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Production volume	15 384	15 036	15 397	15 880	14 419	13 978	10 992	9 417	5 861
% change	3.6	-2.3	2.4	3.1	-9.2	-3.1	-21.4	-14.3	-37.8
Imports	56	51	53	106	118	166	222	288	221
%change	-33.6	-8.7	5.0	98.9	11.4	41.0	33.5	29.7	-23.4
Exports	3 330	3 143	4 097	3 401	3 785	4 336	4 261	3 950	2 159
%change	21.1	-5.6	30.4	-17.0	11.3	14.6	-1.7	-7.3	-45.3

Source: Bank of Greece, Eurostat, *International Trade* (database), <http://epp.eurostat.ec.europa.eu>

The aluminium sector is also important for Greek manufacturing. In 2012 Greece exported about EUR 1.2 billion worth of aluminium products. The sector generated 2.2% of the turnover of Greek manufacturing (about EUR 1.7 billion) in 2008, with its share expected to have risen during the recession, as it has been less affected by the economic downturn. Between 2008 and 2012, the index tracking the volume of aluminium production rose by 4.0% annually, growing further in the first seven months of 2013 by 1.5% year-on-year.

The plastics industry in Greece accounted for 3.1% of GVA in Greek manufacturing in 2010. The industry employed on average about 8 900 people in the first nine months of 2012, having contracted 18.9% year-on-year. The severe contraction from 2012, when the volume of production declined by 9.2%, has eased significantly, as in the first seven months of 2012 the volume of production declined by only 0.8% year-on-year.

Paints contributed about 0.9% of GVA of Greek manufacturing in 2010. About 1 370 people were employed in the sector in the third quarter of 2012. Employment was up year-on-year by 46.8%, yet it remained significantly below its 2008 peak (about 4 150 employees). The recovery of this branch has carried over to the first seven months of 2013, when the index tracking the volume of production increased by 7.0% year-on-year.

The Greek mining industry makes a relatively small contribution to the country's GVA (approximately 0.3% in 2011), yet it is a strategic sector for the country, providing raw materials to other industries, such as cement manufacturing, construction and basic metals production. Greece is also a leading bauxite producer in the EU, with total production of 1.8 million tonnes in 2012. The mining and quarrying of building materials employed about 5 900 people in the third quarter of 2012, lower by 30.2% than in the same period of 2008 (about 8 500 employees). The index tracking the volume of production declined in the first seven months of 2013 by 0.3% year-on-year in the quarrying of stone, sand and clay and by 1.9% year-on-year in the mining of non-ferrous metal ores.

Specific contractions were also identified in the marble and natural ornamental stone industry, which is a subsector of mining and quarrying. In 2011 Greek marble exports reached 830 800 tonnes with a total value of EUR 205 million, which represents an increase of 32% (10% respectively in terms of volume) year-on-year. China is the largest trading partner for the Greek marble industry, absorbing almost half of total exports (45% or 377 000 tons). Other significant trading partners are Saudi Arabia, Mexico, Qatar, Hong Kong and Russia. Almost 40% of the 200 active quarries are located in Northern Greece, across the wider area of Drama, Kavala and Thassos, producing over 70% of the total. The second largest production centre is in the Cyclades (mainly on the islands of Naxos, Paros and Tinos) with about 20 active quarries, whereas Attica is an important marble production centre mainly due to the large number of cutting and processing units.

The restrictions identified in these branches and the harm to competition from the current restrictions are presented in more detail below.

3.2 Cement

3.2.1 National provisions on the distribution of cement

According to national legislation,³ the distribution in Greece of bulk cement or cement in big bags,⁴⁵ either produced by EU member states and distributed by intermediaries⁶ or produced in third countries, should take place through dispatching centres⁷ located in Greece.⁸ National legislation⁹ defines the conditions to be fulfilled for the establishment and operation of a dispatching centre so that the intermediary can ensure the quality, traceability, composition and compliance of the cement that has already been certified by the producer.¹⁰ The quality control of cement is very important to ensure the safety of constructed structures. Cement is also considered to be dangerous to health. The objective of the legal requirement for a dispatching centre is to ensure the proper use of the *Conformité Européenne* (CE marking), to facilitate controls by the authorities, to protect the environment and to enable traceability of the product. The same conditions are imposed for cement packaged in big bags as for bulk cement and the same objectives are expected to be achieved.

Bulk cement can be transported by sea in special or ordinary cement carriers. The first type of ship has special equipment to ensure the quality of the cement and its proper transportation and unloading in ports. In this case, it is usually the transporter who has the responsibility for using the proper external equipment for unloading bulk cement in port. The transport of bulk cement by road is by silo trucks which have waterproof and sealed silos, again to ensure the quality of bulk cement.

A dispatching centre should have sufficient capacity for a minimum of 500 tonnes per silo¹¹ to be able to store the total of the bulk cement received using the same means of transport, *i.e.* the same ship or truck. The objective of this provision is to avoid segmentation of the quantity received into many smaller silos because problems of homogenisation may arise. Finally, Greek legislation imposes a fee of 2% on the retail price of cement, whether it is produced in Greece or originates in another EU member state, is traded in Greece or imported from a third country. This fee is collected in favour of the Subsidiary Pension Fund of the Employees of the Cement Industry.¹²

3.2.2 Harm to competition

The obligation for a non-producer to establish a dispatching centre located in Greece in order to trade cement in bulk or in big bags limits competition both in supply and trade, and indirectly may influence the price of the product. In addition, the requirement for a dispatching centre applies to all bulk or cement packaged in big bags, regardless of a) its origins, *i.e.* from a member state or from a third country; b) the means of transport, *i.e.* whether the means of transport is sealed (sealed ship or silo truck) or non-sealed; and c) the use of the product, *i.e.* for own use or for supply to a third party. As it is formulated, the requirement prevents companies using cement for construction products from using other suppliers and blocks the entry of potential competitors into the market, *i.e.* companies wishing to operate as suppliers of bulk cement with sealed means of transport and direct delivery to their clients or in supplying cement bagged in big bags as it is, without unpacking or further repackaging. Additionally, the provision requires that the dispatching centre be located in Greece. This further restricts competition since it limits the suppliers to companies using cement for the production of other construction products and increases their costs. A company operating in Greece and wishing to buy cement for its own use from an intermediary located in another member state, is obliged to transfer the product through another dispatching centre located in Greece (or to establish a dispatching centre in Greece). It cannot transfer the product directly to its premises. Taking into consideration that

producers of other construction materials already have certified silos for storing the quantities of cement they receive from national producers, the requirement for establishing a dispatching centre imposes extra operational and investment costs.

Additionally, the requirement imposed by the draft ministerial decision to have a minimum capacity of 500 tonnes per silo in a dispatching centre goes beyond paragraph 9.2.1. of the ELOT Standard EN 197-2, which rules that the quality test carried out on cement upon delivery has to be one per delivery but at least one for every 500 tonnes. The ministerial standard defines the minimum frequency of tests on cement without imposing a minimum capacity for silos. Such a restriction constitutes a barrier to entry for small suppliers and potentially limits their number; the market may be dominated by large incumbents and lead to higher prices. The provision also increases costs for companies using or trading smaller quantities of cement who require silos with a smaller capacity. The dispatching centres have the obligation to test the quality of the product received in any delivery, even if the cement is received in smaller quantities.

Finally, the additional fee of 2% on the retail price of cement in favour of employees of the cement industry (article 3 of Law 895/1937) creates extra costs for both producers and importers of cement, and reduces their ability to set market prices freely. From an economic perspective, a fee on cement is a form of tax and raises the marginal cost of the raw material. This higher cost hurts consumers in multiple ways. First, it adds to the costs of the producers which will be partly or entirely incorporated in the end-user price. Second, if producers reduce their output because of the higher costs created by this fee, this translates into lower revenues and fewer jobs in the cement market. Additionally, the fee (a form of payment to the pension fund) contributes nothing to the companies which import cement and who do not employ people insured by the fund; this creates extra, empty costs for them and puts them at a disadvantage in relation to companies whose employees are insured by the fund. This constitutes unequal treatment for producers and importers.

3.2.3 Recommendations and benefits

In the case of transfer of bulk cement in a sealed transport originating in an EU member state, irrespective of the dispatcher (producer or an intermediary in another member state), where the product is destined for own use and is not supplied to a third party, **we recommend abolishing the requirement for a dispatching centre**. In this case, the safety of the product, the protection of its characteristics from the moment of dispatch to delivery to the end user, as well as the protection of the environment are all assured through other means. These are: the means of transportation, the fact that the product has already been controlled by the intermediary before dispatch and has obtained a CE marking, and the fact that the end user has certified silos to store the product. The benefits of removing the requirement under the specific circumstances listed above would create more entries of cement into the Greek market, since transport by intermediaries from other member states would be unobstructed. This would enhance competition among suppliers, and would promote market growth.

Additionally, **we recommend removing the requirement for a dispatching centre to test cement bagged in big bags when these are sealed; whether the cement is destined for own use or for further supply.**¹³ In this last case, the big bag should not be unpacked and repacked, since any further processing, *i.e.* repackaging, constitutes intervention in the quality of the cement and breaches the quality chain. Any such rebagging would again require passage through a dispatching centre. The objective of the provision is assured by the packaging itself and the CE marking which indicates that it complies with all technical and legal requirements and cannot be related to the weight of the package, for example, if it is a bag of 50 kg, 1 tonne or 2 tonnes. In all cases, further transport along the supply chain should only be allowed if the big bag remains sealed. As a result of lifting this requirement, the

anticipated benefits would lower barriers to entry into the Greek market, and reduce costs, potentially resulting in increased competition and lower prices.

We recommend repealing the minimum storage capacity of 500 tonnes for a silo for bulk cement. This would give suppliers the option to adapt the capacity of their silos to their financial, technical and commercial needs. This would encourage new, smaller suppliers to enter the market, enhancing competition and leading to potentially lower prices. As defined in ELOT Standard EN 197-1 and 197-2 on cement, the quality of the cement is assured through regular tests and different storage of the product in different silos according to the type of cement; its producer should not be dictated by the capacity of the silo.

The fee of 2% should be abolished for both producers and importers; this would reduce costs for producers and importers and potentially lower prices of cement, as well as being perceived as being more equitable for all working in the industry. **We recommend abolishing the requirement for dispatching centres for bulk cement in certain cases:** where a) the bulk cement is transferred by an intermediary of another member state through a silo truck or a sealed ship and b) the bulk cement is destined for own use by a producer of other building materials.

Recommendation: on dispatching centres for cement bagged in big bags: The requirement for a dispatching centre should be abolished in cases where a) the big bag is sealed, irrespective of the country of origin, *i.e.* EU member state or third country, b) the big bag is destined for own use by a producer of other building materials, c) the big bag is destined for further supply, provided that it is not unpacked and repackaged.

Recommendation: the requirement to have an imposed minimum capacity for silos should be lifted: the relevant provision should be repealed

Recommendation: the 2% fee on the retail price of cement should be abolished.

3.3 Mines & quarries

3.3.1 Description of the legal framework

3.3.1.1 Marble quarries

The exploitation of a marble quarry requires an exploitation licence which is issued by the state upon application, irrespective of the status of ownership of the quarry, *i.e.* whether it is public, municipal, communal or private.¹⁴ In areas where there was previously exploitation of marble or areas that have already been explored by public bodies, the lease of a municipal or communal marble quarry is awarded through a public tender and is accompanied by the exploitation licence.¹⁵ The contracting authority defines the fixed and minimum variable rent, subject to article 20, *i.e.* a maximum variable rent of 8% of the sale price of the extracted marble and 10% of the sale price of the raw sub-products and any other waste. In municipal or communal areas where no prior exploration has taken place, if a company wants to initiate exploration works, the first to apply for exploration obtains the licence – provided it fulfils the criteria defined by law.¹⁶ The company that has obtained the exploration licence also obtains the exploitation licence through direct assignment. The municipality or the community defines unilaterally the annual fixed and proportional rent, as described in articles 20 and 33 of Law 669/1977.

As noted above, there are two types of rent for exploitation of a marble quarry: a maximum annual fixed rent per m²¹⁷ and a maximum variable rent amounting to 8% of the sale price of the

extracted marble and 10% of the sale price of the raw subproducts and any other waste.¹⁸ The variable rent is due only when it exceeds the fixed rent and also applies to private quarries. In the case of a municipal or communal quarry, the above provisions aim to safeguard the procedure of direct assignment and, in the case of a private marble quarry, to limit possibly excessive and unjustified lessors' claims, which could render the exploitation of a marble quarry less efficient and the products less competitive abroad.

The exploitation of public quarries takes place either through a public tender or through direct assignment.¹⁹ The public tender takes place when there was previous exploitation of the marble quarry or previous explorations were carried out by the Institute of Geology and Mineral Exploration (Ινστιτούτο Γεωλογικών και Μεταλλευτικών Ερευνών, IGME).²⁰ The contracting authority defines the fixed rent and the minimum variable rent, subject to article 20 of Law 669/1977.²¹ The variable rent of article 20 is both for public tenders and direct assignment of the maximum variable rent. The lease of a public marble quarry takes place through direct assignment when a) no previous exploitation or exploration has taken place in the quarry, b) no offer was submitted in a public tender or c) a company has submitted an application to explore an area.²² In this case, the rent is defined by the prefecture which sets both the fixed and variable rents. The prefect issues an assignment decision, following advice from the Prefectural Committee of Industry. This committee has wide discretionary powers within article 5 of Presidential Decree 285/1979 when proposing terms in contracts of direct assignment.²³

Article 4 par. 3 of Law 669/1977 on the exploitation of quarries²⁴ states that, for a company to obtain an exploitation licence for a marble quarry, the quarry should have a minimum surface of 20 000 m² and a maximum surface of 100 000 m². This restriction of the maximum exploitation area aims to limit hoarding of large areas, especially in cases where exploration work is planned. The minimum exploitation area ensures that a company has a minimum amount of land for efficient exploitation. The exploiter of a marble quarry or other industrial mineral quarry also has an obligation to submit annually to the Ministry of Environment a report on the production and distribution of the extracted materials abroad and in the national market, their sale price and its maximum annual production capacity.²⁵ According to the competent ministry, this annual collection of data serves mostly statistical purposes.

3.3.1.2 Quarries of aggregates

The exploitation of raw materials from public, municipal, communal and private quarries is allowed upon issuance of an exploitation licence issued by the prefecture. The lease of public and municipal/communal quarries of aggregates takes place through public tender.²⁶ The exploitation licence also constitutes the lease agreement between the exploiter and the state or municipality.²⁷ Additionally, an operating licence is required for the operation of machinery in a quarry; its duration is 15 years and it cannot be extended upon expiration of the lease agreement or the exploitation licence.²⁸ The right to exploit raw materials belongs to the owner of the land in which aggregates lay or to the person to whom the owner of the land has assigned the relevant right.²⁹ The lessees of public, municipal or communal quarries are subject to both a fixed and a variable rent. The variable rent is calculated based on the sale price of raw materials and the annual minimum production of raw materials, as offered by the lessee. Accordingly, the sale price is calculated as a percentage of the reference price of crushed material (Code 622) of the Centrally Agreed Price List (Ανάλυση Τιμών και Περιγραφικό Τιμολόγιο Έργων Οδοποιίας, ATEO).³⁰ In addition, the variable rent for public, municipal and communal quarries is based on the quantities of aggregates sold annually and is calculated based on invoices or any other method that the prefect considers appropriate.³¹ Moreover, the rent for private quarries, fixed, proportional or both, is freely defined by the parties.

Aggregates that are extracted during the exploitation of any other category of minerals can be sold by the exploiter.³² In this case, the exploiter has the obligation to pay a variable rent to the owner of the quarry of minerals – irrespective of its ownership status – amounting to 10% of the sale price of the aggregates or 5% of the sale price of the processed materials. The objective of the provision is to limit potentially excessive and unjustified claims by the owners of the quarries of minerals, which may render those materials produced in Greece less competitive and reduce incentives to exploit the quarries. Finally, the exploiter has the obligation to submit annually to the Ministry of Environment an operation report (or a detailed report in case of inactivity) on the production and distribution of the products.³³ According to the ministry, the data collected serves mostly statistical purposes.

3.3.1.3 Mines

Exploration and exploitation rights on mines are always granted by the state. The ownership of the land is not extended to mining minerals, either on the surface or in the subsoil. The ownership of a mine, which is separate from the ownership of the soil, is always granted by the state, upon prior issuance of an exploration licence.³⁴ The person granted an exploration licence has the right to apply for an exploitation licence which is granted through a contract notice and the issuance of a presidential decree.³⁵ The lease of exploitation rights is subject to a maximum rent defined by the law as a percentage based on the sale price of the ores or the products of their processing.³⁶ Nevertheless, articles 85A and 85B define that the minister has the power to oblige the exploiters of the mine to sell part of their production to the metallurgy industry in Greece and the sale price will be the current sale price in Greece. Additionally, the Ministerial Council has the authority to decide the compulsory leasing of a mine to a metallurgy company if the exploiter of the mine does not already supply the metallurgy company with the products of the mines. To benefit from the above provisions, the metallurgy companies should be Greek-owned companies registered in Greece. The aim of the provisions is to ensure the continuous supply of metals to metallurgy industries, taking into consideration the high cost of the investment, the fact that mining exploitation rights are always granted by the state and that such industries serve public policy objectives and are of national importance.³⁷

3.3.2 Harm to competition

Because of the lack of a definition for land use in a large part of the country, the provision concerning minimum and maximum exploitation surfaces of marble quarries may impose restrictions on competition. It may constitute a barrier to entry for smaller companies, thus limiting the number of suppliers and potentially lead to higher prices for the end consumer. The size of the area a company wishes to exploit should be a business decision, based on its valuation and business plan. The maximum area for exploitation may also constitute a barrier to entry for companies that wish to participate in public tenders for the exploitation of larger areas. The exploitation of areas of more than 100 000 m² could take place in public tenders under article 3 of Presidential Decree 285/1979. Where the state assigns exploitation directly, the limitation of the maximum exploitation area could be considered to be justified and proportionate to the objective served in case of article 11 par. 1a, par.2 and article 17 of Presidential Decree 285/1979. If prior to the exploitation licence there is an application from an interested party to explore an area and the first to apply for the licence obtains it, provided that the criteria are fulfilled, restriction on maximum area seem proportionate. In order not to commit large areas for exploration and to avoid further burden on the environment, the restriction should remain.³⁸

Article 13 par. 1 of Presidential Decree 285/1979 and article 7 par. 2 of Law 1428/1984 confer broad discretionary powers on the competent authority in determining the variable rent in direct assignments of marble quarries; this creates legal uncertainty. Specifically, article 13 par. 1 provides

broad discretionary powers for determining all the terms to be included in an exploitation contract. Such provisions may be manipulated by public authorities and contractors, resulting in distortion of competition. Such manipulation can disadvantage the exploiters who obtained the exploitation licence through public tenders in relation to exploiters who were granted the exploitation licence by direct assignment.

The provisions on the calculation of rent for the exploitation of aggregates³⁹ constitute differential treatment between exploiters of quarries of other minerals for whom the exploitation and sale of aggregate is a secondary activity (within the framework of the exploitation of other minerals) and treatment of those who exploit a quarry of aggregates and sell the relevant products as a primary activity. Such differential treatment may increase the cost of the variable rent for one company compared to another, although both are trading the same product, especially in cases where the sale price on which the rent is calculated does not reflect the market price.

The obligation to submit to the Ministry of Environment an operation report (with notification of details on production, distribution of the extracted materials both nationally and abroad, the sale price and the maximum annual production capacity) constitutes an administrative burden which may increase the operational costs of a company. It is our understanding⁴⁰ that these same details are submitted to the Hellenic Statistical Authority (Ελληνική Στατιστική Αρχή, ELSTAT) for the same purposes. Articles 85A and 85B of the Legislative Decree both hamper competition since they discriminate between national and non-national exploiters. They indirectly control the production of the market and influence the conditions of demand and supply, thus creating a barrier to entry. These articles directly define the sale price and fragment geographically and foreclose the market, potentially leading to market concentration. More generally, they limit the number of suppliers and reduce their incentives to compete.

3.3.3 *Recommendations and benefits*

Abolishing the required minimum exploitation area of 20 000 m² for marble quarries would open opportunities to new suppliers to adapt the exploitation area to their financial and commercial needs, based on their business plan. Additionally, abolishing the maximum exploitation area of 100 000 m² – with reservation to article 11 par. 1 a), par. 2 and article 17 of Presidential Decree 285/1979 – may increase the number of participants and enhance competition since the exploitation of a marble quarry would become more efficient and more profitable. Equating the calculation of the variable rent for the exploitation of aggregates, irrespective of the primary or secondary nature of the activity, would stimulate fair competition and lead to equal treatment of similar cases. Thus, the variable rent due for the sale of aggregate should be calculated on the same basis for both categories.

Abolishing article 13 par. 1 of Presidential Decree 285/1979 and article 7 par. 2 of Law 1428/1984 would increase legal certainty and transparency. Additionally, it would leave no margin for discrimination based on the terms of contract between exploiters who obtain a licence through public tender and those who have the right to exploit quarries through direct assignment.

Recommendationon marble quarries: We recommend abolishing the minimum and maximum exploitation areas for marble quarries, with reservation to article 11 par. 1a), par.2 and article 17 of Presidential Decree 285/1979, for which the restriction should remain. Moreover, it is proposed a) to abolish article 14 of Law 669/1977, b) to abolish the wording “the Prefectural Committee of Industry may include in the contractual terms the ones referred to under article 5” of article 13 par.1 of the Presidential Decree 285/1979. Both the committee and the prefect should have circumscribed powers to include in the exploitation contract the terms analysed under article 5. Such circumscribed powers should be explicitly referred to in article 13 par. 1.

Recommendation on quarries of aggregates: Article 13 par. 2 of Law 1428/1984 and Ministerial Decision 9373/1984 should be abolished. We also propose to abolish the wording “any other method considered as appropriate” in article 7 par. 2 of Law 1428/1984. The prefect should have narrowly-defined powers to define the variable rent with respect to the provisions of Law 1428/1984 and Ministerial Decisions 19690/1995 and Δ10/Φ68/οικ30842/1993. Such powers should be explicitly referred to in article 7 par. 2.

Recommendation on mine quarries: Articles 85A and 85B are obsolete and should be explicitly abolished.

3.4 Harmonised European standards for construction products

3.4.1 Description of the framework of European and national standards

3.4.1.1 European standards⁴¹ and their transposition into national legislation

A standard provides rules, guidelines or characteristics for activities, or their results, for common use. A European standard is one that has been adopted by one of the three recognised European standardisation organisations, *i.e.* the European Committee for Standardization (CEN), the European Committee for Electrotechnical Standardization (CENELEC) and the European Telecommunications Standards Institute (ETSI). These organisations set standards for products, services or systems. Following a proposal by an interested party and acceptance by the respective European body, a European standard is developed by experts and, after consultation at the national level, is published in the *Official Journal of the European Union*.

Some European standards are harmonised – they are developed and adopted by standardisation mandates. European standards developed in response to a mandate are referred to as Harmonised European Standards.⁴² Harmonised European Standards have been issued and published for a large number of construction products in order to facilitate trading among EU member states and create transparency and visibility among manufacturers, both within and outside Europe. European Standards which have not been harmonised may be applicable among the member states but not on a compulsory basis.

3.4.1.2 National Technical Specifications

National Technical Specifications (Εθνικές Τεχνικές Προδιαγραφές- ETEP) are method statements, *i.e.* rules for construction of different public works (construction of roads, ports, airports, dams, hydraulic projects, railway projects, constructions in concrete, etc.). Among others, they describe the mechanical means and equipment as well as the incorporation of construction products. The National Technical Specifications make reference to those construction materials for which there are Harmonised European Standards, *i.e.* compulsory standards to be transposed into national legislation. Initially, the Ministry of Environment and the Institute of Providence of Constructions⁴³ produced temporary technical specifications which were transposed into standards for public works by the Hellenic Organization for Standardization (ELOT). The temporary technical specifications were checked and formatted by ELOT and approved by the European Union as National Technical Specifications.⁴⁴ There are 440 specifications which cover the most commonplace construction projects in all categories of public works.⁴⁵

However, for some materials, National Technical Specifications do not refer to the Harmonised European Standards as transposed into national legislation. On the contrary, they make reference to older standards. For example, the Harmonised European Standards, as transposed into national

standards by ELOT (Ελληνικός Οργανισμός Τυποποίησης) for frames made of aluminium and synthetic materials are ELOT EN 14351.01:2006 and ELOT EN 14351.01:2007 respectively. Nevertheless, the ministerial decision for the approval of the 440 National Technical Specifications for specific construction products refers to other standards, *i.e.* for aluminium frames (ELOT TII 1501-03-08-03-00:2009) and frames of synthetic materials (ELOT TII 1501-03-08-04-00:2009). There may be inconsistencies for other products within the 440 National Technical Specifications. For those construction products that are not harmonised on a European level, the National Technical Specifications make reference to other standards (*e.g.* German or American standards which have been transposed by ELOT into national standards).

3.4.1.3 National regulation for fire protection of buildings

Protection against fire hazard and assessment of reaction to fire as well as fire resistance is a basic requirement when planning and erecting buildings. It is therefore an imperative requirement of both national and European legislation. Presidential Decree 71/1988, Regulation for the Fire Protection of Buildings⁴⁶, as amended and in force, specifies requirements for construction works into which construction products are to be incorporated. One requirement for construction materials concerns safety in the case of fire. More specifically, the Regulation for the Fire Protection of Buildings outlines the fire resistance levels and the levels of fire reaction of the building's components⁴⁷ and not the resistance levels and levels of fire reaction of the construction products themselves.⁴⁸

The relevant decisions of the European Commission, issued for implementation of Directive 89/106/EC⁴⁹, are related to fire safety and outline the classes of performance in relation to reaction to fire, resistance to fire and fire propagation for construction products.⁵⁰ In addition, at the European level, the classification of construction products is based on EU Standard EN 13501 (CEN), which has been transposed into the National Standardisation System as ELOT EN 13501-1: 2007. However, the Regulation for the Fire Protection of Buildings has not been updated and is inconsistent with the European classification because the national provisions are not harmonised with EN 13501. The national provisions classify the building components of a construction and not the construction products themselves.

In general, all the abovementioned standards, whether European or national, are set in order to ensure a uniform level of quality of the products and their construction standards and a uniform level of resistance to fire, guaranteeing the further safety of constructions.

3.4.2 Harm to competition

Non-harmonisation of national legislation with European standards introduces the application of double standards for the building materials in question. This creates legal uncertainty and is in contrast with European law. The non-harmonised national provisions constitute a barrier to entry for manufacturers and suppliers who wish to operate in the relevant market. They may also impose significant differential costs on those manufacturers who choose to comply with the European standards. This may place them in a disadvantaged position in relation to the manufacturers complying with the national standards in case the latter entail lower costs in not complying with the European standards. The non-harmonised provisions may also increase costs for the manufacturers who, by attempting to operate in the national market, are obliged to change their production line in order to meet national standards and trade their products in Greece.

Even if products comply with European standards and can be traded in the national market, they cannot be used in construction and public works because the national legislation for their use has not

been updated and makes reference to older national standards. This is the case, for instance, with the Regulation of Fire Protection of Buildings and some standards in the Ministerial Decision for the approval of the 440 National Technical Specifications, *e.g.* ELOT standard ΤΠ1501-03-08-03-00-2009 on aluminium frames and ELOT standard ΤΠ1501-03-08-04-00-2009 on synthetic fibre frames.

Application of national standards and non-transposition into national legislation of the European standards forecloses and fragments the national market, since the manufacturers complying with European standards cannot trade or use their products in the national market. This closes the market to manufacturers and suppliers who wish to participate in public tenders to the extent that the tender requires the application of national standards and the National Technical Specifications do not make reference to Harmonised European Standards. Such a barrier may lead to higher prices and may potentially lead to an anti-competitive advantage for the manufacturers who are complying with national standards. Non-harmonisation can also lead to a more limited variety of products, less innovation and less choice for consumers.

3.4.3 Recommendations and benefits

All standards aim to ensure a uniform level of quality of products and the safety of constructions. However, the objectives mentioned above are achieved by the Harmonised European Standards already set by European bodies and should apply at the European level. Since it does not transpose the Harmonised European Standards, the legislation on national standards is contrary to European law. Thus it should be modified so as to be in line with European legislation. Harmonisation of the national legislation with European standards would enable new suppliers to enter the Greek market, possibly increase the variety of products and lead to market growth, eliminating differential costs for suppliers, providing uniform safety rules for the products, creating more legal certainty and potentially leading to lower prices. Moreover, the harmonisation of the non-harmonised national legislation on National Technical Specifications with European standards and explicit reference to them would increase the number of participants in public tenders, increasing the variety of products and leading to greater competition among participants.

With reference to the National Technical Specifications and Ministerial Decision ΔΙΠΑΔ/OIK/273/2012 as a whole, **we propose a review of all 440 National Technical Specifications, identifying those which do not refer to Harmonised European Standards and to ensure their full harmonisation with European legislation.** In cases where Harmonised European Standards have been transposed into national legislation through ELOT standards but still the National Technical Specifications refer to older standards, the **National Technical Specifications should be reviewed and make explicit reference to the new ELOT Standards**, *e.g.* as is the case for frames made of synthetic materials and those made of aluminium.

We recommend that the Fire Protection Regulation be fully reviewed and brought into line with Harmonised European Standards and the relevant ELOT standards as they have been transposed into national legislation.

3.5 Non-harmonised European standards for construction products

3.5.1 Concrete

3.5.1.1 Description of the European and national framework

Some European standards have not been harmonised. They are applicable among the member states but not on a compulsory basis; it is optional for the member states to transpose them into their

national legislation. Into this category falls European Standard EN 206-1 on concrete. EN 206-1 is a framework standard which includes national provisions, detailed requirements and rules of application that are being provided by complementary national standards.⁵¹

The national legislation on concrete includes Ministerial Decision Δ14/19614/1997 on Approval of regulation on concrete technology, Ministerial Decision Δ17α/116/4/ΦΝ 429/2000 on Regulation for the study and construction of infrastructures made by reinforced concrete and Presidential Decree 244/1980 on Regulation of cement for constructions of concrete; all have been amended and are in force. ELOT Standard ΤΠΙ1501-01-01-03-00-2009 National Specification on maintenance of concrete has also been approved as a National Technical Specification by the Ministerial Decision ΔΙΠΑΔ/ΟΙΚ/273/2012. This legislation aims to ensure the quality of the product and construction standards as well as the safety of constructions.

Nevertheless, the national legislation imposes some restrictions which are deemed to be harmful to competition. Although concrete does not bear a CE marking, since its standard is not harmonised, its components, such as cement and aggregates, are products following Harmonised European Standards. Ministerial Decision Δ14/19164/1997, although adapted to the harmonised standard ELOT EN 197-1 on cement,⁵² includes provisions on aggregates, *e.g.* articles 4.3.2, 4.3.3., 4.4.4 and 5.2.1.5 which conflict with Harmonised Standard EN 12620 on aggregates. Moreover, articles 13.4 and 13.5 on concrete for “small scale” and “large scale” works defines the importance of the works as a criterion for the required tests.

Article 12.1.1.3 of Ministerial Decision Δ14/19164/1997 also states that the person in a factory producing ready-mixed concrete who is responsible for its quality should be a certified engineer with proven experience in the technology of concrete and its production. In case the factory has more than one production unit per prefecture, an extra head technician with the same experience is required for every unit. If there are more than three units in every prefecture, a second engineer responsible for the quality of the concrete is required for every three units.

In addition, Presidential Decree 244/1980 has been adapted to Harmonised Standard EN 197-1 on cement; however it is inconsistent with Harmonised Standard EN 12620 on aggregates. Moreover, the National Technical Specification on concrete, *i.e.* ELOT standard ΤΠΙ 1501-01-01-03-00-2009, includes provisions that are in conflict with Harmonised European Standards, *e.g.* EN 13670 on execution of concrete structures.⁵³

Finally, Ministerial Decision Δ17α/116/4/ΦΝ 429/2000, as amended and in force, includes provisions that conflict with Eurocodes. Structural Eurocodes (or Eurocodes) are a series of 10 European standards that contain common structural rules for the design of buildings and civil engineering structures. They are applicable to whole structures and to individual elements of structures and apply to the use of all major construction materials such as concrete, steel, timber, masonry and aluminium.⁵⁴ The implementation of a EN Eurocode has three phases: the translation period, the national calibration period and the coexistence period.⁵⁵ Under European Directive 2004/18 on Public Procurement, it is mandatory for member states to accept designs according to the EN Eurocodes, thus making EN Eurocodes the standard technical specification for all public works contracts.

If proposing an alternative design the contractor must demonstrate that it is technically equivalent to a EN Eurocode solution. Under the previous Directive 89/106 on construction products, now abolished by Regulation 305/2001, in order for a product to obtain a CE marking, member states should refer to the EN Eurocodes in their national provisions on structural construction products.⁵⁶ However, because Eurocodes have not been published yet in the Greek *Government Gazette*, they are not mandatory in national legislation.

3.5.1.2 Harm to competition

Ministerial Decision Δ14/19164/1997 and Presidential Decree 244/1980 are not in line with Harmonised European Standard EN 12620 on aggregates. The above inconsistencies of the national legislation constitute a barrier to entry for producers and suppliers of aggregates who comply with EN 12620 and are not able to trade their products in the national market for the production of concrete. These inconsistencies may create differential costs to the producers of aggregates who, by attempting to meet the requirements of the national legislation, are obliged to change their product line, thus placing them at a disadvantage to producers who already comply with the national provisions. As a result, the number of suppliers may be reduced, the market may be nationally foreclosed and the prices of the aggregates and the final product, *i.e.* concrete, may increase.

Furthermore, partial harmonisation of national legislation with European Standard EN 206-1 on concrete, although a non-harmonised standard, creates uncertainty and differentiates between suppliers who fully comply with the European Standard and others who comply only with the national provisions, potentially leading to higher costs for the former.

The criterion of importance of small-scale and large-scale works seems to be arbitrary, creating uncertainty and leaving a discretionary margin for producers to test the product or not. Since the criteria are not well defined by law, large-scale works which could fall into the category of small-scale works, bear an extra cost for additional tests. Moreover, small-scale works which could fall into the large-scale category are subject to fewer tests; thus the objective of safety of constructions is not fulfilled.

The provision on the number of engineers responsible for the quality of the concrete in a factory creates extra cost for companies. The provision also defines the number of units operating within a prefecture without taking into consideration possible units of the company that may operate in neighbouring prefectures. Since it is the company's responsibility to ensure the quality of the product and further the safety of the construction, it should be left to the company to decide on the number of engineers responsible for the quality of the product.

Finally, the conflict of Ministerial Decision Δ17α/116/4/ΦΝ 429/2000 with EN Eurocodes imposes double standards and creates legal uncertainty. It potentially forecloses the national market of public tenders and limits the participants since companies should submit offers complying with the national framework and not with the EN Eurocodes.

3.5.1.3 Recommendations and benefits

Although concrete does not have a harmonised standard and does not have a CE marking, adaptation of the national legislation to the European standards, *i.e.* EN 12620 and EN 13670, would result in abolishing a barrier to entry for producers and suppliers of aggregates who comply with European standards and cannot supply their product for the production of concrete. This would increase the variety of producers and suppliers and potentially lower prices both in the private market and in public tenders.

With reference to the definition of small and large-scale works and the criterion of importance, the specification of the criterion, *e.g.* based on testing and not on the importance of the works, would entail lower costs for those works that do not fall into the large-scale category and greater safety for works that do not fall into the small-scale category. The minimum number of engineers responsible for the quality of the concrete in factories of ready-mix concrete should be the company's decision. The safety of the product is ensured by the implementation of the relevant legislation and not by the

number of engineers responsible for the quality and safety of the product. Abolishing the minimum number of engineers would give companies more flexibility and decrease their extra costs.

Finally, the transposition of Eurocodes into national legislation would lead to more legal certainty, create a unified framework and comply with European legislation. Further to the transposition of Eurocodes, Ministerial Decision Δ17α/116/ΦΝ 429/2000 on Regulation for the study and construction of infrastructures made by reinforced concrete should be updated and brought into line with Eurocodes. This transposition would result in a unified legal framework accessible to all those wishing to operate in Greece and participate in public tenders, thus potentially increasing the number of participants, improving services and leading to lower prices.

Recommendation on Ministerial Decision Δ14/19164/1997 on Approval of Regulation on concrete technology, as amended and in force: 1) the provisions referring to aggregate⁵⁷, , should be brought into line with Harmonised European Standard EN 12620, as transposed by ELOT. We also recommend a general review of the Decision and adaptation to EN 206-1.

2) The provision of article 12.1.1.3 on the minimum number of engineers per unit should be abolished.

3) The criterion of importance in distinguishing between small-scale and large-scale works should be redefined⁵⁸

Recommendation on Presidential Decree 244/1980 on Regulation of cement for constructions of concrete, as amended and in force: The provisions referring to aggregates should be brought into line with Harmonised European Standard EN 12620, as transposed by ELOT and generally reviewed and adapted to EN 206-1.

Recommendation on National Technical Specification TII1501-01-01-03-00-2009: National Technical Specification should be updated and brought into line with Harmonised European Standards, e.g. EN13670.

Recommendation on Ministerial Decision Δ17α/116/ΦΝ429/2000, as amended and in force: Eurocodes should be transposed into national legislation and the derivative law should be brought into line with them.

3.5.2 Other building materials

3.5.2.1 Plastic tubes

Article 2 of the Ministerial Decision 14097/757/2012 on technical specifications of plastic tubes and accessories⁵⁹ defines the different standards that should apply in networks. For instance, ELOT EN ISO 1452 applies to the transfer of potable water, ELOT EN 1329 to sewage and ELOT EN ISO 15874 to under-floor heating. Article 3 of the Ministerial Decision prohibits importing, producing or distributing into the Greek market products which do not comply with the standards defined in article 2. However, article 4 provides for a clause of mutual recognition with regard to products originating from the European Union, from countries of the European Economic Area and from Turkey. In this clause, Greece recognises products which do not comply with the national standards, but have been subject to successful testing by an acknowledged body of the country of origin and fulfil equal levels of protection and safety as national ones. The national competent authorities for controls cannot deny certificates of compliance or test reports issued under European Regulation 765/2008.⁶⁰

The standards on plastic tubes are not harmonised at the European level. The potential harm that could be caused to competition because of the above prohibition on import, production and distribution of products which do not comply with national standards (*e.g.* foreclosure of the national market, limitation of suppliers, less variety and potentially higher prices) is mitigated by the clause of mutual recognition.

Recommendation: Wherever technically possible, the **construction products which apply national standards, due to the existence of non-harmonised European standards, should include a clause of mutual recognition** in order to avoid any anti competitive behaviour or foreclosure of the market.

3.5.2.2 Steel

Ministerial Decision 9529/645/2006 on Control of technical characteristics of steel⁶¹ defines in articles 1 and 2 that only technical categories B500A and B500C of steel, compatible with technical standards ELOT EN 10080, ELOT 1421-2 and ELOT 1421-3, can be supplied, sold or used in the Greek market.

Currently, there is no Harmonised European Standard for steel. Weldable steel for the reinforcement of concrete is subject to European Standard EN 10080. It has taken a long time for EN 10080 to move from being a mandated standard to being a harmonised standard. European Standard EN 10080 determines the essential characteristics and the general requirements for the various categories of concrete-reinforcing steel. It gives no actual specification or figures, which are left to national standards. Each member state determines the suitable technical category according to the required level of safety of construction, taking into account geographical and climatic conditions.

Based on the above, Greece transposed EN 10080 and issued national standards ELOT 1421-2 and ELOT 1421-3, which applied in parallel with EN 10080. In 2008, EN 10080 had to be withdrawn as a harmonised standard because some countries' legal requirements for additional properties of reinforcement were not met.⁶² However, its withdrawal had no subsequent effect on ELOT standards EN 10080, 1421-2 and 1421-3 which continued to apply in national legislation. As a result, although the provisions seem restrictive because they set standards that exclude all producers who do not comply with them, and because they define specific categories of steel, in fact Greece has implemented EN 10080 and exercised its powers derived from the European standard, as was the case with all the member states.⁶³ Thus, no proposal is made for this specific construction product.

3.6 Other restrictions in national legislation

3.6.1 Asphalt

The national legislation on oil products provides that in order for a company to obtain a licence to trade asphalt, the minimum share capital must be EUR 500 000.⁶⁴ The law also requires that the company should have a minimum storage capacity of 2 000 m³⁶⁵ to store the asphalt. According to recitals of Law 3054/2002, the objective is to ensure the financial capacity and sustainability of the companies trading in oil products, taking into consideration their high value. However, because of the lack of definition of land use in a considerable part of the country, the above provisions may impose restrictions on competition because it is difficult to obtain a permit to build a storage tank with such a large capacity. They may raise entry costs and constitute a barrier for smaller suppliers who wish to enter the asphalt market. As a result, the above provisions may limit the number of suppliers, lead to higher concentration in the relevant market and potentially to higher prices. Additionally, such barriers may enhance the market power of incumbents and lead to anti-competitive behaviour.

Given the objectives that the provisions want to achieve, financial capacity and sustainability should be each company's decision and cannot be related to the value of the product. Moreover, the value of the product is safeguarded through insurance contracts and should not be connected with the minimum share capital of the company. Additionally, the minimum storage capacity should be each company's decision according to its financial size and should not be defined by the law. This means that a company should be free to decide on the storage capacity of the product according to the volume of asphalt it trades.

Abolishing the minimum share capital for the establishment of a company to trade in asphalt and allowing it to be established under the general provisions of company law would enable suppliers to choose the form of company and the share capital they wish to contribute to the company. Abolishing the minimum storage capacity of 2 000 m³ would also leave new suppliers with the option to adapt the capacity of their storage area to their financial, technical and commercial needs. Removing such barriers to entry may encourage new suppliers to enter the market, enhancing competition and leading to potentially lower prices; the quality of the products will be enhanced and market growth encouraged.

Recommendation: We recommend abolishing article 6 par.5 of Law 3054/2002, as amended and in force as per the minimum share capital of EUR 500 000 and the minimum storage capacity of 2 000 m³.

3.6.2 Chemicals and paints

Annex C, par. 3 of Presidential Decree 405/1996 provides the maximum quantities of packages for dangerous substances carried by ship based on their class, e.g. for class 2 gaseous substances the maximum quantity per package is 120 ml and for class 3 liquid substances the maximum quantity per package is 5L for group III and 1L for group II. Additionally, Annex C, par. 10 provides that in passenger ships only up to five transporters may transport dangerous substances in restricted quantities; such quantities are defined in previous paragraphs.⁶⁶

For products falling into classes 2, 3, 4.1, 4.3 and 5.2,⁶⁷ a maximum of two transporters are allowed to carry their products. The Presidential Decree does not define the term "transporter" but only the terms "unit" and "unit of closed type". The objective of the relevant provisions is the safety of passengers and sea transports. The scope of the Presidential Decree is restricted to the transport of dangerous products by a) Greek commercial ships between Greek ports, b) foreign commercial ships

which are provided with a special licence from the Ministry of Maritime Affairs for this type of transport between Greek ports and c) barges.⁶⁸

Nevertheless, the International Maritime Dangerous Goods Code (IMDG Code) of the International Maritime Organisation, as transposed into national legislation by Ministerial Decision 1218.74/1/95,⁶⁹ provides different maximum quantities per package for dangerous substances in comparison with Presidential Decree 405/1996. For example, for class 2 gaseous substances the maximum quantity per package is 1 000 ml and for class 3 liquid substances the maximum quantity for groups III and II is 5L. IMDG Code does not define the number of transporters; however in article 7.1.3.2 the IMDG Code defines the stowage categories within the ship based on the category of the dangerous product.⁷⁰ The scope of the Ministerial Decision is defined as follows: the Ministerial Decision applies to all Greek ships on international voyages, irrespective of their capacity, and to all foreign ships irrespective of their capacity, if they sail from a foreign port to a Greek port or leave from a Greek port for a foreign one.

The national provisions on packaging of dangerous products are in conflict with those provided in the IMDG Code, as transposed into national legislation with the relevant ministerial decision, and define by different fields of application. Such inconsistency constitutes unequal treatment between ships sailing from a foreign port to a Greek port which apply the IMDG Code and ships sailing from a Greek port to another Greek port which apply the Presidential Decree. The latter are disadvantaged in relation to the first category. This inconsistency also constitutes a barrier to entry for suppliers wishing to operate in the national market and sail from a Greek port.

The national provisions of the Presidential Decree may create differential costs for manufacturers who, by attempting to operate in the national market, are obliged to change their production line in order to meet the national requirements and transport their products within Greece. The provisions mentioned above may limit the number of suppliers, leading to higher concentration in the relevant market and potentially to higher prices. In relation to the limited number of transporters allowed to transport dangerous products on passenger ships, the national provisions may raise transport costs and lead to higher prices, enhancing the market power of incumbents, distorting competition and even leading to anti-competitive behaviour.

The provisions aim to ensure the safety of passengers and of sea transport. However, the relevant objectives are adequately ensured by the ministerial decision transposing the IMDG Code. The safety of passengers is connected to the total volume of dangerous products carried on a passenger ship and not to the number of transporters. It is also related to the safety of the packaging of these products and its conformity with packaging rules, technical improvements of the ship and the overall safety systems of the transportation units.

Safety of passengers cannot be related to the number of transporters. Review of the presidential decree in order to be in full harmonisation with the ministerial decision and the provisions of the IMDG Code would enable entry of new suppliers into the market, increasing variety and competition, and potentially lead to lower prices by decreasing differential costs. Disconnecting dangerous products to be carried by passenger ships from the number of transporters may decrease transport costs for suppliers, increasing the variety of products transported by sea, and potentially lead to lower prices.

Recommendation for maximum quantities: The provisions of Annex C of the Presidential Decree on Maximum quantities of packages for dangerous products should be reviewed and brought fully into line with Ministerial Decision 1218.74/1/95 transposing the IMDG Code. Additionally, the presidential decree should be updated each time the IMDG Code is amended.

Recommendation on the maximum number of transporters: The quantity of dangerous products should be disconnected from the number of transporters and be proportional to the ship's passenger capacity, as is provided by the IMDG Code. Thus, it is advised to amend par. 10 of Annex C of the presidential decree and bring it into line with article 7.1.3.2 of the IMDG Code. An overall review of the presidential decree is advised to ensure it is fully compatible with the IMDG Code.

3.7 Conclusions on the sector findings

A number of provisions have been identified as having a negative impact on competition across different building materials. These include:

- For cement, the obligation for a non-producer to establish a dispatching centre located in Greece in order to trade bulk or bagged cement in big bags limits competition both in supply and trade, and may influence the price of the product. In addition, the requirement for a minimum capacity of 500 tonnes per silo in a dispatching centre constitutes a restriction that may act as a barrier to entry for new suppliers. Finally, the 2% fee on the cement retail price raises its marginal cost and creates unnecessary costs for both producers and importers of cement and reduces their price flexibility in the market.
- For marble quarries, due to the lack of a definition for land use in a large part of the country, the provision concerning minimum and maximum exploitation surfaces of marble quarries may constitute a barrier to entry for smaller companies, thus limiting the number of suppliers and potentially leading to higher prices for the end consumer. In addition, the discretionary power of the competent authority in determining the variable rent in direct assignments of marble quarries creates legal uncertainty.
- For asphalt, the minimum share capital of EUR 500 000 and the minimum storage capacity of 2 000 m³ may seriously limit entry and reduce potential competition.
- For chemicals, the provisions related to their sea transportation must be reviewed and brought fully into line with the IMDG code. Moreover, the quantity of dangerous products should be disconnected from the number of transporters and be proportional to the ship's passenger capacity, as is provided by the IMDG Code.
- Finally, for a number of building materials non-harmonisation of national legislation with European standards introduces double standards, creating legal uncertainty and is in contrast with European law. The non-harmonised national provisions constitute a barrier to entry for manufacturers and suppliers who wish to operate in the relevant market.

We have made recommendations for 32 legal provisions, out of a total of 46 provisions analysed in-depth in the course of the project.

Our recommendations will reduce legal uncertainty, enable businesses to operate more flexibly and enhance market accessibility for new suppliers, hence making building materials markets more efficient. Although we were not able to quantify the impact of individual provisions due to data availability problems, we strongly believe that the cumulative effect of all the recommended changes will make building materials markets more open and competitive to the benefit of final consumers.

Notes

- 1 The industries included in this definition are: i) mining of metal ores, ii) quarrying of stone, sand and clay, iii) manufacture of wood products, iv) manufacture of paints, varnishes and similar coatings, printing ink and mastics, v) manufacture of plastic products, vi) manufacture of non-metallic mineral products, vii) manufacture of basic metals, viii) manufacture of fabricated metal products, except machinery and equipment, ix) wholesale metals and metal ores and x) wholesale wood, construction materials and sanitary equipment.
- 2 Insufficient data on GVA at the sufficient level of detail was available for the mining, quarrying and wholesale of building materials.
- 3 See Ministerial Decision 1135/42/2009 on Amendment of no. 21720/241 (Official Gazette 1731/B/24.11.2003), Joint Ministerial Decision on Control of the Dispatching Centres of Cement and Ministerial Decision 21720/241 (Official Gazette B'1731/24.11.2003) on Control of the dispatching Centres of Cement and Special Regulation on Surveillance and Inspections of dispatching centres of cement (Official Gazette B'263/13.02.2009).
- 4 According to par. 3.1.1. of the Specific Regulation of the Controls of Dispatching Centres, bulk cement is the “non packed cement, which is transported through different means of transport or packed in packages that do not bear all the required details and from which the product can be supplied into smaller quantities (e.g. transportation in big bags)”.
- 5 For shipment of cement see www.cargohandbook.com/index.php/Cement for cement shipped in bulk or, alternatively, in 50 kg paper sacks or one two-tonne polypropylene (PP) bags. Bagged cement for export is packed in multiple bags with up to five layers, one of which can be made from a damp-proof or waterproof material. Cement Packing Bags is a kind of flexible transport container, also known as Cement Big Bags or Cement Sling Bags. PP and polyethylene (PE) is its main material. It applies to bagged cement for long distance or ocean transport. The main specification for short distance transport is 1 tonne, 1.5 tonnes and 2 tonnes, FIBC Bags for export by sea transport. Waterproof, dust-proof and radiation-resistant bags are the ideal products for cement, clinker and other industries with characteristics such as a safety factor of 5 to 5.7, a high strength structure, easy handling and operation, etc. Bulk cement in specially designed vessels presents few problems provided that holds are initially dry and properly closed and condensation does not occur.
- 6 According to ELOT Standard EN 197-2 intermediary is defined “the natural or legal person who takes from the manufacturer bulk cement certified according to EN 197-2 and bearing the conformity mark, who undertakes full responsibility for maintaining in a bulk handling facility all aspects of the quality of the cement and who supplies the cement onwards to a further person”.
- 7 According to ELOT Standard EN 197-2, a dispatching centre is defined as “the bulk cement handling facility (not located at the factory) used for the dispatch of cement after transfer or storage where an intermediary has full responsibility of all aspects of the quality of cement”.
- 8 National legislation does not require the establishment of a dispatching centre for producers in EU member states.
- 9 See Law 3325/2005 on Establishment-operation of industrial facilities (Official Gazette A' 68/22.03.2005), Law 3982/2011 on Simplification of licensing procedures re technical professions and other provisions(Official Gazette A' 143/17.06.2011), Law 4014/2011 on Environmental licensing of works and activities, etc. (Official Gazette A' 209/21.09.2011).

- 10 According to European Regulation 305/2011, in order to be considered fit for use, every building material should bear the CE marking which indicates that the product complies with the total of provisions of Regulation 305/2011.
- 11 See the Draft Ministerial Decision on the Control of the Dispatching Centres of Cement.
- 12 See article 3 Law. 895/1937 on subsidiary Pension Fund of the Employees of the Cement Industry.
- 13 There is no such requirement for cement packed in paper bags. Such bags are considered as packaged cement which can be freely supplied to a third party, provided that it has not been unpacked and repacked and bears the CE marking.
- 14 See articles 4 and 5 of Law 669/1977 on Exploitation licences of quarries (Official Gazette, A' 24.8/1.9.1977).
- 15 See article 24 of Law 669/1977 for the exploitation of municipal or communal quarries.
- 16 See article 25 of Law 669/1977.
- 17 According to Ministerial Decision Δ7/oik. 21909/4001 on Readjustment of the annual fixed rent for the lease of marble quarries provided by Law 669/1977 (Official Gazette B' 2331/17.10.2011) the fixed rent is amended to EUR 80 per 1 000 m² for the first three years of lease and to EUR 150 per 1 000 m² until expiry of the lease.
- 18 See article 20 and article 33 of Law 669/1977.
- 19 See article 1 of the Presidential Decree 285/1979 on Lease of public industrial mineral quarries and marble quarries (Official Gazette A' 83/16.4.1979).
- 20 See article 3 of the Presidential Decree 285/1979.
- 21 See article 5 of the Presidential Decree 285/1979.
- 22 See article 11 and article 17 of the Presidential Decree 285/1979.
- 23 See article 13 par. 1 of the Presidential Decree 285/1979.
- 24 See article 4 par. 3 of Law 669/1977 on Exploitation licences of quarries (Official Gazette, A' 24.8/1.9.1977).
- 25 See article 14 of Law 669/1977.
- 26 According to article 5 par. 2 of Law 1428/1984 and article 7 of Ministerial Decision Δ10/Φ68/oik30842/1993, it is possible to lease a public quarry of aggregates through direct assignment to the concessionaire of a public work in cases where this is necessary for the execution of the assigned public or prefectoral public work. In such a case, according to article 8 par. 4 of Law 1428/1984, the extracted aggregates cannot be sold in the open market by the concessionaire of the public work.
- 27 See article 9 of Law 1428/1984 on Exploitation of quarries of raw materials (Official Gazette A' 43/11.4.1984), article 1 of Ministerial Decision 19690/1995 on Directives for the lease of municipal and communal quarries of raw materials (Official Gazette B' 402/11.5.1995) and article 2 of

Ministerial Decision Δ10/Φ68/οικ30842/1993 on Terms and procedure for the lease, exploitation and management of public quarries of raw materials (Official Gazette B' 917/1993).

28 See article 12 of Law 1428/1984.

29 See articles 2 and 5 of Law 1428/1984.

30 I.e. Ανάλυση Τιμών και Περιγραφικό Τιμολόγιο Έργων Οδοποιίας (ATEO). See article 3 of Ministerial Decision 19690/1995 on Directives for the lease of municipal and communal quarries of raw materials which amended the Ministerial Decision Δ10/Φ68/οικ30842/1993 on Conditions and procedure for the lease, exploitation and management of public quarries of raw materials (Official Gazette B' 917/1993).

31 See article 7 par. 2 of Law 1428/1984.

32 See article 3 par. 6 of Law 1428/1984.

33 See article 13 par. 2 of Law 1428/1984 and Ministerial Decision 9373/1984 on Submission of operation details by the exploiters of quarries of raw materials (Official Gazette B' 736/29.6.1984).

34 See articles 3 and 15 of Legislative Decree 210/1973 on the Mining Code (Official Gazette A' 277/5.10.1973).

35 See article 44 following and 59 following of Legislative Decree 210/1973.

36 See article 84 of Legislative Decree 210/1973.

37 It was not able to identify the objectives of the provisions. The objective as described is based on the writers' understanding based on a communication with the competent ministry.

38 In any case the restriction is mitigated by the fact that, following communication with the Ministry of Environment, it is our understanding that the exploiter of neighbouring quarries can join them in a single area.

39 As described in article 3 par. 6 of Law 1428/1984, in article 3 of the Ministerial Decision Δ10/Φ68/οικ. 30842/1993 and in article 3 of the Ministerial Decision 19690/1995.

40 Following communication with the Ministry of Environment and market players.

41 See www.cen.eu/cen/products/en/pages/default.aspx

42 For a complete list of the harmonised standards under European Union harmonisation legislation and their starting dates of applicability visit http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/construction-products/index_en.htm

43 Ινστιτούτο Οικονομίας Κατασκευών

44 See Ministerial Decision No. ΔΙΠΑΔ/OIK/273 on Approval of four hundred and forty (440) National Technical Specifications (ETEP) with obligatory application to all Public Works (Official Gazette B 2221 30.7.2012).

- 45 Specifications on aggregate were defined in Model Technical Specification 0150 on aggregates for road constructions, Model Technical Specification 0155 on road construction with steady aggregates and Model Technical Specification A260-A265 for asphalt aggregates. The abovementioned specifications referred to older standards and not to the harmonised European standards on aggregate. Since the issuance of the Ministerial Decision for the approval of 440 technical specifications with obligatory application in public works, the technical specifications on aggregate are fully harmonised with European Standards. From communication with the Secretariat of Public Works, it is our understanding that the abovementioned older specifications only apply to ongoing works. The new public works are subject to the harmonised technical specifications.
- 46 See Presidential Decree 71/1988 on Regulation of Fire Protection of Buildings (Official Gazette A' 32/1988).
- 47 I.e. δομικά στοιχεία.
- 48 See article 14 PD 71/1988 and following. For instance, resistance to fire of walls made of reinforced concrete is defined in relation to their minimum thickness.
- 49 See European Directive 89/106/EEC of 21 December 1988 on the approximation of laws, regulations and administrative provisions of the member states relating to construction products.
- 50 See Commission Decision 2000/147/EC implementing Council Directive 89/106/EEC as regards the classification of the reaction-to-fire performance of construction products, as amended and is in force, commonly referred as the Euroclasses. See also Commission Decision 2000/367/EC: of 3 May 2000 implementing Council Directive 89/106/EEC as regards the classification of the resistance to fire of construction products, construction works and parts thereof.
- 51 See www.concretecentre.com/codes_standards/eurocodes/eurocode_2/european_concrete_standards/european_standards_concrete.aspx
- 52 See Ministerial Decision Δ14/50504/2002 Adaptation of the Regulation on Concrete Technology (Official Gazette B' 537/1.5.2002).
- 53 See www.scribd.com/doc/52246876/EN-13670-2009-E-Execution-of-concrete-structures.
- 54 See <http://eurocodes.jrc.ec.europa.eu/showpage.php?id=1>.
- 55 For further information on implementation procedure see <http://eurocodes.jrc.ec.europa.eu/showpage.php?id=36>.
- 56 See <http://eurocodes.jrc.ec.europa.eu/showpage.php?id=215>.
- 57 articles 4.3.2, 4.3.3., 4.4.4 and 5.2.1.5.
- 58 redefined based, for instance, on the criteria defined by EN 206-1 on concrete, meaning the testing requirements.
- 59 See Ministerial Decision 14097/757 Control of technical standards on plastic tubes and accessories for the transfer of potable water, sewage and under-floor heating (Official Gazette B' 3346/14.12.2012).

- 60 See Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93.
- 61 See articles 1 and 2 of Ministerial Decision 9529/645/2006 on Control of technical characteristics of steel (Official Gazette B` 649/24.5.2006).
- 62 See further
www.concretecentre.com/codes_standards/eurocodes/eurocode_2/european_concrete_standards/standards_for_reinforcement.aspx
- 63 E.g. UK applies EN 10080, BS 4449:2005, 4482:2005, 4483:2005, see further
http://moodle.technion.ac.il/pluginfile.php/65753/mod_resource/content/0/EN_10080_1_.pdf. France applies NF A 35-017 to NF A 35-080, see also
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- 64 See article 6 par. 5 Law 3054/2002 on Organisation of the fuel market (Official Gazette A` 230/2.10.2002), as amended and in force.
- 65 See article 6 par. 5 Law 3054/2002. In the new draft legislation, the minimum storage capacity remains the same.
- 66 See Presidential Decree 405/1996 on Regulations for shipment, unload, transport and stay of dangerous products in ports and transport by the sea (Official Gazette A` 272/16.12.1996).
- 67 For example, gases, flammable liquids, flammable solids, products that emit gases, organic peroxides.
- 68 See article 2 of the Presidential Decree 405/1996.
- 69 See Ministerial Decision 1218.74/1/95 on Transposition of the International Maritime Dangerous Goods Code of the International Maritime Organization (Official Gazette B`603/10.7.1995).
- 70 For example, stowage category B, cargo ships or passenger ships carrying a number of passengers limited to no more than 25 or to 1 passenger per 3 m of overall length, whichever is the greater number, to be put on the deck or under the deck. For other passenger ships which exceed the number of passengers, the products should be put on deck only.

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CHAPTER 4

TOURISM

Tourism is both an important contributor to the Greek economy and, as an activity, touches on almost every aspect of the economy. The assessment studied legislation in the transport sector as well as in a variety of special tourism activities such as car racing tracks, athletic and coaching tourism, convention and conference centres and therapeutic tourism. Restrictions on smaller hotels, such as price approvals and legislation against improvements were also addressed. Restrictions on cruises, recreational vessels and marinas, as well as requirements for price notification, barriers to entry and geographical restrictions arose from attempts to set minimum quality standards, protect consumers and prevent certain activities from competing. Uncertainty for investors and barriers to entry reduce incentives to lower prices or offer better quality services. The intervention of the state or central organisations in the economic activity of various sectors of the industry, such as accommodation, are effective barriers to competition. The benefits to the Greek economy from lifting restrictions on cruises and marinas are estimated at EUR 67.3 million annually.

4.1 Sector overview

Tourism is a pivotal sector of the Greek economy. In 2012, it attracted 15.5 million visitors, generating approximately EUR 10 billion in tourism receipts, which represents about 5% of GDP. In 2013 the number of visitors in the country is expected to have reached 17 million, whereas the revenues from tourism rose by 18% in the first half of the year to EUR 3.3 billion.

Europe is the main market for Greek tourism, as it represents almost 90% of total international arrivals, followed by Asia and the Americas. Germany and the United Kingdom have traditionally been the key markets for Greece, while new markets have also emerged strongly in the last few years, such as Russia (739 000 arrivals in 2011, up from 107 000 in 2005) and the neighbouring countries of Southeast Europe.

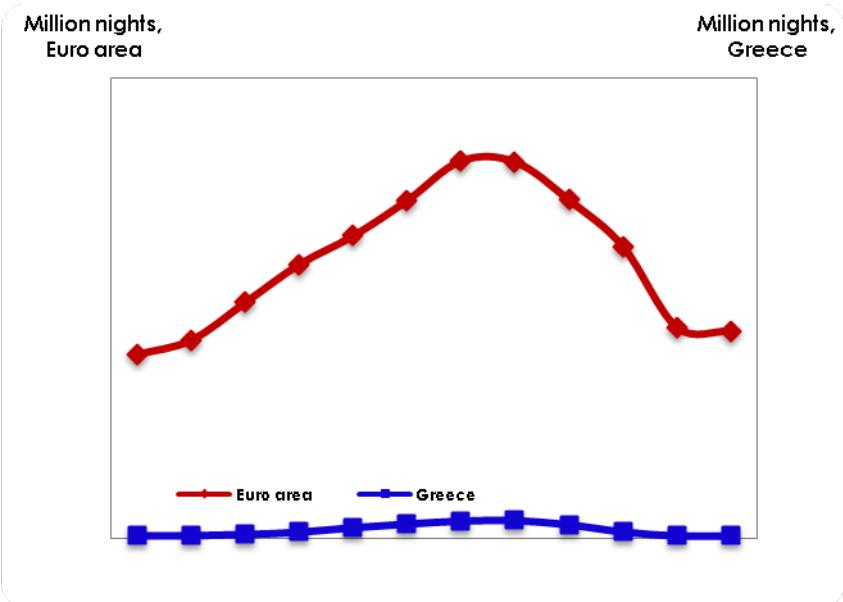
The “sea and sun” model prevails in Greece, resulting in a strong seasonal trend. In 2011 more than half of the nights spent in accommodation establishments (57%) took place between June and August, whereas in the Euro area the peak months accounted for only 37% of the total annual nights spent in accommodation establishments. This implies that the country has a significant unrealised potential in alternative forms of tourism that could be more evenly spread across the seasons and concentrated on other types of activities, such as city breaks and conventions, exhibitions, culture heritage sites and culture events.

Using the methodology outlined in OECD (2011), the OECD examined the legislation on tourism in Greece. Tourism may be considered to touch upon almost every aspect of the economy. Hence, the present report builds on a definition of tourism that can be inferred from the Greek body of legislation. Specifically, we define tourism in two ways: on the one hand the activities that fall under the (exclusive or concurrent) remit of the Ministry of Tourism and/or the bodies under its supervision and the remit of the Directorate of Sea Tourism and the Department of Sea Leisure Activities and Tourism, within the Ministry for Maritime Affairs; and, on the other hand, as any activity explicitly classified as “touristic” by the applicable legislation. These include mostly accommodation, other touristic businesses (*e.g.* rental activities, tourist coaches) and the activities that are classified as facilities of special touristic infrastructure (*e.g.* convention centres, entertainment parks, marinas). Archeological sites and museums are not included in this definition. Even if they are clearly part of the touristic offer of the country, they are less suitable to the type of analysis conducted in the course of this project, in particular due to the limited scope for entry into the market by competitors (this is especially the case for archeological or historical sites by their very nature) and the lower involvement of private market players compared with other touristic activities.

Among the tourism subsectors, Accommodation Services has the largest contribution to Greek GDP with almost 3% in 2011, which is above the EU-27 average (1%) and similar to the corresponding figure for Spain. In 2012 the number of hotels and similar establishments in Greece reached 9 670, which represents almost 5% of the total supply in the EU. The average size of Greek hotels is approximately 76 beds per establishment, slightly higher than the Euro area average (67 beds per establishment).

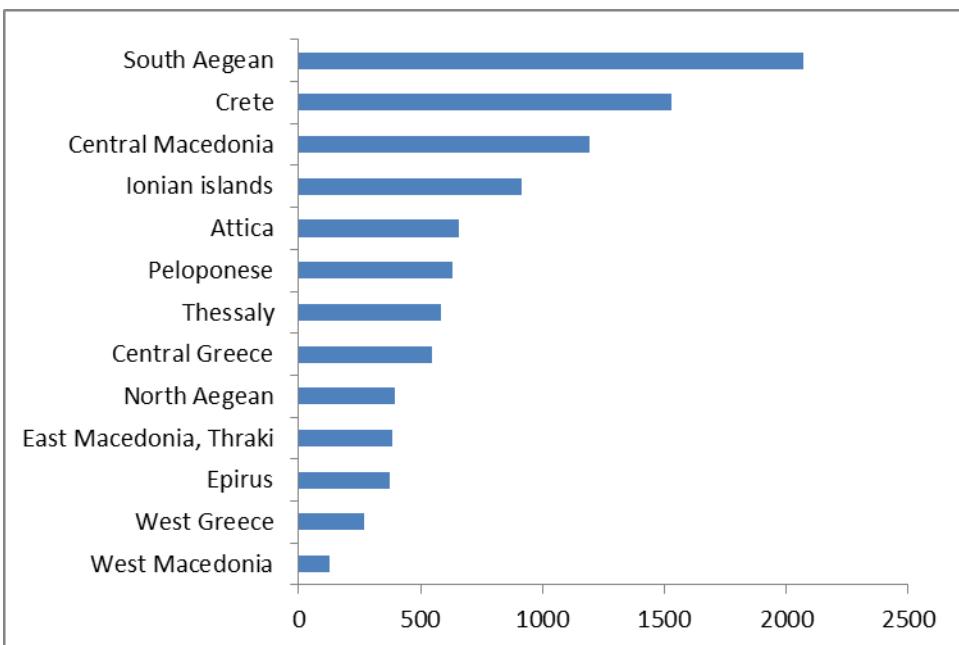
With respect to geographic distribution, the highest number of accommodation establishments is located in the South Aegean and Crete (21% and 16% of the total respectively). In fact, these islands are among the 20 regions in the EU with the highest number of overnight stays by foreign tourists (15th and 16th respectively according to 2010 data from Eurostat). The hotel industry in Greece is fairly concentrated in geographic terms; five out of the 13 administrative regions cumulatively account for 66% of total hotel establishments in the country (Figure).

Figure 4.1. Monthly distribution of nights spent in hotels in 2011



Source: Eurostat, *Tourism* (database), <http://epp.eurostat.ec.europa.eu/portal/page/portal/tourism/data/database>

Figure 4.2. Distribution of hotels – similar establishments by region (NUTS 2), 2012



Source: Eurostat, *Tourism* (database), <http://epp.eurostat.ec.europa.eu/portal/page/portal/tourism/data/database>

As the share of hotel chains in the Greek market is low with less than 4% of the total, among the ten largest hotel chains in Greece, only three are international, with establishments mainly in Attica and the South Aegean (Crete and the Cyclades).

Conventions and exhibitions infrastructure. According to 2009 data, most convention centres and conference rooms were located in five-star hotels, while only 10% of the four-star hotels offered conference facilities. Meanwhile, hotels in lower categories did not possess the appropriate infrastructure to host conventions. The relatively poor conventions infrastructure explains to some extent why the potential for conference tourism is not fully realised.

Cruise sector. This is one of the most promising and fastest developing fields in the tourism sector. Greece is among the top destinations in the Mediterranean Sea for cruise operations, attracting the third largest number of passengers after Italy and Spain (4.7 million passengers or 17% of the total European market according to 2011 data). Despite this favourable outcome, receipts from cruises are substantially lower compared to the main competitive destinations, a fact which is attributed to the poor development of home-porting activity.

Cruise activity in Greece is recorded in 17 ports, nine of which operate as terminals. Eight ports accounted for more than 90% of cruise ship arrivals in 2012. Of these ports, only two operate as home ports (Piraeus and Corfu) and the rest are exclusively destination ports (ports of call).

Piraeus is the port with the largest number of piers for cruise ships (11), attracting on average 104 calls per year per pier, or two ships per week on each pier. Occupancy, however, is higher in Patmos (nine ships per pier per week), due to the smaller size of cruise ships that approach the island, followed by Katakolo, Mykonos and Corfu (approximately four ships per week and per pier). The underdevelopment of home porting in Greece is indicated by the fact that only a quarter of total passengers in Piraeus began their cruise from this port in 2012, whereas this proportion is negligible for Corfu, Heraklion and Rhodes.

Marinas. This sector is also closely related to the tourism and leisure industry, with significant potential for further development. Marinas provide infrastructure and services for those participating in leisure boating activities, while they serve as an attraction for visits by both boating and non-boating users.

The Mediterranean is the most popular region in the world for yachts and home ports, with over 60% of recreational vessels having their base in the region. The marinas in Italy, France and Spain provide the largest number of berths in the Mediterranean.

In Greece, there are 67 marinas and 84 tourist shelters and anchorages. The marinas provide approximately 16 000 berths,¹ while the total capacity in marinas, tourist shelters and anchorages approaches 22 000 mooring posts. The largest marinas are situated in Attica (Marina Zeas, Flisvos and Alimos), the Ionian Sea (Gouvia and Lefkada) and the Peloponnese (Loutraki). Almost one-third of the marinas in Greece are private, whereas the management of many state-owned marinas has been currently transferred to TAIPED (the Hellenic Republic Asset Development Fund) for their privatisation.

The remaining subsectors of tourism make a considerably smaller contribution to the Greek economy. The **travel agency industry** generated about 0.2% of Greek gross value added (GVA), a similar share to that observed in Spain, Italy and the Euro area on average. This may be associated with the fact that tourism demand in Europe is mostly served by large tour operators (such as TUI and Thomas Cook). Based on data from Eurostat, more than half of the value added within the travel agency sector in EU-27 in 2009 was generated in the UK and Germany, which reflects the high tourism demand in the two countries. In the past few years the number of travel and tourism agencies in Greece has declined, mainly due to the economic downturn, but also due to the growth of Internet use, which allows tourists to reach travel suppliers, such as airlines and hotels, directly through the

suppliers' websites. Travel agencies are also associated with the operation of tourist buses in Greece where an extensive network of coaches provides travel services, transfers and round trips to domestic and foreign tourist destinations.

The **car rental and leasing sector** in Greece is dominated by small firms. Approximately three out of five car rental firms are independently owned and operated mainly at a regional level. The total number of enterprises in the business is approximately 2 300 with a total fleet of 160 000 cars, of which 60 000 are involved in short-term leasing activities and the remaining in long-term leasing activities of a duration of approximately five-years.²

4.2 The marinas sector

4.2.1 *Description of the Greek marina sector*

The Greek coastline is approximately 16 500 km long, making Greece an attractive destination for the development of maritime tourism activities such as cruising and yachting.

A significant factor in the development of maritime leisure activities is harbour infrastructure and the ability to supply services to passengers on tourist vessels. The main non-commercial harbour infrastructure is the “tourist port establishment”, better known as a marina. Marinas are large leisure ports specially constructed to receive approximately 500 to 2 000 leisure craft on a daily basis. They offer moorings, catering, security services and numerous auxiliary services such as car parking facilities, shipbuilding and repair units for the maintenance and repair of leisure craft.

The demand for marina services is determined mainly by: i) the cost of services provided by organised marinas and port dues, ii) the quantity and quality of marine services provided per mooring post and iii) developments in the market of leisure crafts. Demand for marinas is seasonal, with peak demand for berthing during the summer months. During the winter period the demand for dry-dock increases so that vessels can be repaired and maintained.

International competition for Greek marinas comes from the countries of the Northwestern Mediterranean (France, Italy and Spain), as well as from those of the Northeastern Mediterranean (Turkey, Croatia).

Domestic competition for Greek marinas comes from other harbour infrastructures, *i.e.* shelters and anchorages, fishing ports and commercial ports, that also offer berthing space and other services complementary to yachting. In particular,

- **shelters and anchorages** are considered to be natural ports in bays that are well protected from wind and bad weather conditions and which may offer a set of minimum yachting facilities;
- **fishing ports** are in practice small ports, often as sections of existing commercial and/or historic ports, with limited facilities and services; and
- **commercial ports** usually offer safe berthing places for leisure craft, where passengers and owners can enjoy complementary facilities and essential boating services.³

4.2.2 Regulatory restrictions identified in the Greek marina sector

In 1976 Greece became the first country in the world to set a legal framework for the operation of companies exploiting leisure craft to help stimulate the expansion of the Greek leisure craft market. An integrated institutional framework for the establishment of marinas in Greece was formulated by Law 2160/1993. Despite some revisions to the legal framework, there are still provisions in the current regulation for marinas that restrict competition.

Pricing rules are unnecessarily restrictive. In particular, Law 2160/1993 on Provisions on tourism and other provisions (article 31a par. 5) rules that price lists for docking of vessels and all other services provided are approved by a decision of the Ministers of Culture and Tourism and are published in the *Official Government Gazette*. Moreover, the Joint Ministerial Decision 9803/2003 on General Regulation of Operation of Tourist Ports (article 2 par. 3) rules that price lists for docking of vessels and all other services provided are approved by a ministerial decision.⁴ A new Law on Tourism 4179/2013, (article 11) replaced the price list approval requirement with a price notification procedure.

Regulatory provisions set preferential treatment for state-owned marinas. In particular, article 166, par. 6 of Law 4070/2012⁵ states that marinas managed and used by the state-owned Greek Real Estate Company are exempt from the obligation to submit operational and sustainability plans, and are not subject to control for the issuance of their licence by the competent agency. Paragraph 7 of the same article discriminates against market participants by ruling that existing marinas with no operating licence are not subject to control by the competent agency if they submit the documentation provided for in this article. Furthermore, article 26 of Law 3498/2006, On the development of therapeutic tourism and other provisions, rules that the state is exempt from any fee or royalty for all contracts it enters into with any legal or natural person for the establishment of marinas.

Some provisions set unnecessarily strict licensing rules. Law 2160/1993, Provisions on Tourism and other provisions (article 30 par. 4 and article 34 par. 4), states that planning, modifications, completion, approval of land use of the building terms of an existing tourist port or of the conversion of an existing port into a tourist port are subject to the opinion of the Committee of Tourist Ports.⁶ Article 31 par. 10.1 states that the manager of the marina must apply for an operating licence within two months of completion of works on the marina.

Law 2160/1993, Provisions on tourism and other provisions (article 31 par. 1) creates a barrier to entry. It rules that marinas may be established at the initiative of the General Secretariat of Tourism or of any natural or legal person so long as the latter are owners or those who have enjoyment of the real estate in front of which the marina will be created.

Law 2160/1993 on Provisions on tourism and other provisions (article 30 par. 7) establishes geographical barriers for the operation of ports. It rules that recreational vessels are prohibited from docking in fishing ports or shelters if there is a licensed tourist port (marina) at a distance of less than five nautical miles. Importantly, under the new Law on Tourism 4179/2013 (article 11) the prohibition of docking was expanded further to include not only fishing ports but also commercial ports.

4.2.3 Objective of the legislation

The requirement for approval of price lists was designed as a tool to ensure affordable prices for boat owners in line with public policy on tourism.

The regulations that set preferential treatment for state-owned marinas and set unequal operational terms among market participants have a common objective, *i.e.* to "legalise" existing marinas by providing the missing documents. In fact, as stated by the relevant recitals, the number of ports outside central state control (established before Law 2160/1993 on Provisions on tourism and other provisions) is alarmingly high. Such tourist ports operate without a formal licence, leading to tax evasion and loss of state revenues and possibly even extreme and unlawful activities; they very often operate in unfair competition with legally operating marinas. The only possible way to validate and legitimise these tourist ports, according to the recitals, are the recommended amnesty provisions, even though they in fact create uneven operating conditions.

Finally, according to the recitals the five-mile rule aims to protect investments in marinas through the creation of *de facto* local monopolies; and to avoid unfair competition from other commercial and fishing ports at the expense of legitimate tourist ports.

4.2.4 Harm to competition from the restrictions identified

Firstly, we note that price lists notifications and approvals lead to significant downward price rigidity, due to the associated menu costs. In addition, such restrictions discourage price flexibility based on market demand and supply conditions. Note that this price rigidity is extremely harmful for market efficiency in situations where aggregate demand decreases. In particular, when there are sticky prices as a result of such restrictions, situations of lower demand during economic recessions lead to suboptimal market equilibrium with too high prices and too low sales. As Table 4.1 shows, this may be the case for the Greek marina industry where approximately 30% of the berthing capacity of tourist ports was idle during 2012.

Table 4.1: Residual demand and idle capacity of tourist ports (May 2012)

Marina/length of vessel	Alimos	Zea	Glyfada	Flisvos	Vouliagmeni	Faliro	Olympic Marine	Total
5m-15m	516	442	507	91	10	4	86	
15m-20m	253	33	58	64	12	7	102	
20m-30m	62	71	52	68	23	33	23	
30m+	6	37	4	32	11	15	6	
Total moorings	837	583	621	255	56	59	217	2 628
Max Capacity	1 000	670	810	303	102	345	680	3 910
Used capacity	84%	87%	77%	84%	55%	17%	32%	Overall average 67%

Source: Greek Marinas Association

Moreover, price lists notifications and approvals can provide strong incentives to marina operators to initially submit above-equilibrium prices and, then, informally offer ad hoc discounts to their customers. Price list notifications and approvals may therefore significantly decrease market transparency and negatively affect consumer welfare.

The geographical barrier of five nautical miles offers clear protection to regular tourist ports from competitive pressure potentially exercised by fishing and commercial ports operating legally. This regulatory restriction limits consumer choice and leads to the sealing off of the tourist ports market, which in turn may result in higher prices and/or lower quality of services offered. Berthing at fishing

or commercial ports is priced at a comparatively low price, paid to the local port authorities, hence the berthing prohibition at nearby fishing and commercial ports is a clear-cut case of competition-distorting regulation.

The remaining identified regulations have a minor impact on the competition intensity of the marina market. However, we note that the licensing regulation discriminates in favour of state-owned marinas against those that are privately owned. This results in unequal treatment of suppliers of the same services and hence creates a competitive disadvantage for the privately owned marinas. In fact, licensing procedures constitute a significant administrative burden that, depending on how demanding they are, may restrict entry and distort the workings of the market mechanism.

4.2.5 Recommendations

Recommendation: all the regulatory restrictions to competition that we have identified in the legislative framework of the Greek marina market should be lifted. In particular, the provision of price lists notification should be explicitly repealed since this significantly distorts competition.

More harmful is **the regulatory provision that prohibits berthing in fishing and commercial ports if there is an operating marina within five nautical miles.** This provision clearly aims at protecting marinas from competition and at granting local monopoly rights. This provision **should be explicitly repealed.**

A more proportional way to license state-owned marinas should be found in order not to pose unequal treatment among the licensed privately owned marinas that face the complete licensing procedure and the required controls from the state. We note that, to this end, a cut-off day to legalise unregulated marinas has already being introduced with the latest Law 4179/2013 on Tourism.

Overall, **the required licensing procedure should be simplified** with clear, transparent and non-discriminatory criteria. More importantly, any rejections should be justified in writing and the interested investor should have the right to appeal.

Finally, some of the restrictions identified constitute mainly an administrative burden; these **restrictions should be reviewed by the competent authorities.**

4.2.6 Benefits

The immediate benefit of the recommendations outlined above is to intensify competition in the marina market and, to this end, decrease berthing prices. Our recommendations, by simplifying the licensing procedure, reducing administrative costs and eliminating local monopoly rights, will eventually facilitate new investments and entry into the industry and will potentially lead to a price decrease. To this end, the overall competitiveness of the Greek marina market will be enhanced.

It is particularly difficult to estimate the benefits of this improvement. However, the greater competitiveness of marinas is likely to lead to more high-value tourist traffic choosing to spend time in Greece, which may bring benefits quite out of proportion to the marina industry itself. Given that the combined turnover of the largest marinas in Greece for 2012 was approximately EUR 46 million,⁷ a 5% overall improvement in the efficiency of their operation would represent EUR 2.3 million in additional revenues.⁸

4.3 Cruises

4.3.1 Description of the cruise sector

European Regulation 1177/2010, concerning the rights of passengers when travelling by sea and on inland waterways, defines a “cruise” as a transport service by sea or inland waterway operated exclusively for the purpose of pleasure or recreation, supplemented by accommodation and other facilities, exceeding two overnight stays on board.

Cruising has only recently become a major tourist activity with dynamic and significant growth. From 2001 to 2011 world demand for cruising more than doubled, from 9.9 million passengers to 20.6 million (+108%) with 9.6% year-on-year growth in 2011. Over the same period, global land-based tourism rose by around 43% to an estimated 980 million travellers in 2010.

Box 4.1: Global cruise market

**Table 4.2: International demand for cruises
(million passengers)**

	2001	2006	2007	2008	2009	2010	2011
North America	6.91	10.38	10.45	10.29	10.4	11.11	11.5
Europe	2.14	3.44	4.05	4.46	5.00	5.54	6.18
Rest of the world	0.87	1.29	1.37	1.45	2.18	2.25	2.91
Total	9.9	15.1	15.9	16.2	17.6	18.9	20.6

Table 4.2 shows that although North American cruise passenger numbers rose by 66%, the region's relative share of the total world market declined from 70% in 2001 to 56% in 2011. In the same period the European market increased by 189% from 2.1 million passengers in 2001 to 6.2 million European-sourced passengers in 2011. Despite the global recession in 2008 and the subsequent weak rebound in global economic growth, the world cruise market has remained robust.

The cruise market has long been supply-driven, meaning that cruise operators determine cruise schedules, the quality and prices offered, and potential passengers choose among available packages. It is the cruise operators' decisions that determine, to a large extent, not only the global cruise market equilibrium but also the regional or country market shares of the cruising market.

The global cruise business is an oligopoly that, following a number of consolidations and takeovers, is dominated by three groups/conglomerates. The major player is the Carnival Group, which controls 10 cruise brands, 95 cruise ships, and a capacity of 190 471 passengers. The second largest group is Royal Caribbean International that controls five brands, 40 cruise ships and has a capacity of 90 481 passengers, followed by the Norwegian Cruise Lines/Star Cruises with four brands, 18 cruise ships and 31 350 passengers. These three groups control 75% of the total global cruise ship capacity. Market concentration has increased during the crisis as many remaining smaller companies have withdrawn from the market, or have moved to niche markets where competition is not so fierce.

North America (including the Caribbean) remains the most popular cruise destination, with a market share of about 60%. The European and Mediterranean market currently has a market share of roughly 30%, up from 21% in 2000 and 14% in 1990.

Source: European Cruise Council.

According to European Cruise Council data (ECC, 2011), Greece is among the top three most popular European destinations. The other two are Italy and Spain. In fact, the increasing trend of the European cruise market is reflected in a 15% annual average growth in cruise passengers in the port of Piraeus from 2009 to 2011. The number of cruise passengers visiting Greece is estimated at around 2 million to 2.5 million per year, 11% of the number of tourists visiting Greece. Cruise companies that operate in Greece, in addition to Louis Cruises which home-ports in Piraeus and distributes the largest number of passengers, are also the Carnival Group (with the brands Carnival, Costa, Pullman Tours, Holland America Line, Seaburn and Aida Cruises), the Royal Caribbean Group (with the brands Royal Caribbean and Princess Cruises), Mediterranean Shipping Company and TAAJ Croisières.

Table 4.3: Cruise arrivals in Greece (2012)

	Destinations	Arrivals: cruise ships	Arrivals: cruise passengers
1	Piraeus	763	1 208 050
2	Santorini	718	838 875
3	Catacolo	337	749 892
4	Mykonos	585	657 511
5	Corfu	485	624 179
6	Rhodes	448	472 308
7	Heraklion	156	215 700
8	Chania	54	129 087
9	Cefallonia	98	120 739
10	Patmos	286	110 678
11	Ag. Nikoloas	71	48 204
12	Kos	64	41 171
13	Samos	29	37 374
14	Nafplio	63	30 868
15	Mytilene	39	29 951
16	Lavrio	19	17 339
17	Monemvasia	49	13 504
18	Syros	71	12 944
19	Kalamata	12	12 595
20	Volos	21	11 926
21	Itea	87	11 455
22	Chios	25	8 349
23	Salonika	11	8 014
24	Gytheio	30	7 772
25	Symi	15	7 521
26	Melos	27	6 272
27	Limnos	25	6 183
28	Zante	9	5 630
29	Paros	100	5 341
30	Pylos	18	5 028
31	Naxos	45	4 529
32	Kavala	10	4 323
33	Rethymno	25	3 825
34	Skiathos	12	3 446
35	Andros	3	1 981
36	Hegoumenitsa	4	1 827
37	Preveza	4	667
38	Patra	3	374
39	Skopelos	2	320
40	Siteia	1	64
	Total	4 824	5 475 816

Source: Greek Port Association

The paradox of the Greek cruise market is that, although many cruise companies and cruise ships transit through Greece and include Greek ports as ports of call in their schedule, only a small percentage of cruise companies select Greek ports for home porting. Today, only one Greek Cypriot cruise shipping company, Luis Cruises, home ports in Greece, in Piraeus. This fact is reflected in the low number of cruise passengers embarking from Greek ports – only 280 000 in 2011, compared with the top Mediterranean home ports, such as Barcelona and Venice that embarked over 750 000 passengers each in 2011. Note that Piraeus embarkations represent only 16% of total Greek cruise tourists.

Table 4.4: Cruise passengers in Greece (2012)

Port	Piraeus	Heraklion	Corfu	Laurio	Total
Home port passengers	329 168	44 374	64 165	2 391	440 098
Transit passengers	1 737 757	141 309	591 599	14 948	2 485 613
Total passengers	2 066 925	185 683	655 764	17 339	2 925 711
Port home-porting	16%	24%	10%	14%	
Total home-porting	74%	11%	15%	-	

Source: Greek Port Association

4.3.2 Regulatory restrictions identified in the Greek cruise market

Until 1999 the Greek cruise sector operated under strict cabotage conditions, *i.e.* only cruise ships flying the Greek flag had the right to offer cruise programmes using any Greek port as a home port.

European Regulation 3577/1992 aimed to create a unified market among member states and more competitive conditions for maritime transport in order to facilitate market access by all companies. Thus, the privilege of national cabotage was repealed and national regulations were harmonised with European law. The Greek cruise market was subsequently liberalised allowing cruise ships flying European flags to operate in Greek waters and to use national ports as home ports. Restrictions were left in force only for non-EU flagged cruise ships until 2010. Law 3872/2010 allows third-country cruise ships to provide touring trips using Greek home ports for their operation.

Despite the movement towards liberalisation, some restrictions remain. For instance, only round-trip cruise trips are currently allowed by any cruise operator who home ports in Greece. In particular, article 1 of Law 3872/2010 determines that the final disembarkation Greek port must be the same as the original Greek port of departure of the passengers and that the journey of the cruise ship must last at least forty-eight (48) hours.⁹

4.3.3 Objective of the legislation

The Greek legislator clearly restricts non-circular cruises and partial cruise services and, thus, the possibility of passengers embarking and disembarking at different ports. According to the relevant recitals, the regulations aim at distinguishing the cruise market from regular sea transportation (ferries) and, in essence, at protecting the Greek ferry market and preventing cruises from competing against the universal service obligation in maritime transportation.

Box 4.2: Ferry Transportation

According to European Regulation 1177/2010 concerning the rights of passengers when travelling by sea and on inland waterway a “passenger service/ferry”¹⁰ is defined as a commercial passenger transport service by sea or inland waterways operated according to a published timetable”.¹¹

The Greek ferry transportation market is partially deregulated. In particular, the market has been liberalised in terms of: i) participants (Greek, EU and non-EU flag), ii) prices (depending on the annual number of passenger movements per starting and destination port) and iii) the age of vessels (given some safety regulations). The market is still under governmental regulation in terms of public service obligations which regulate i) the minimum duration of the offered service (ten months per year for each route), ii) specific frequencies of offered services, iii) number and composition of crews and iv) knowledge of Greek language of crew members.

The state also regulates a kind of universal service which is important especially for the unprofitable low-demand routes. The relevant procedure is initiated by the ministry's announcement of all the required routes (destinations, frequencies and other minimum requirements). The companies then declare their interests and, depending on fulfilment of the requirements, the ordinary routes are set. For routes that are left without any service, *i.e.* no declaration of interest at the first stage, additional incentives are offered (e.g. monopoly rights for a given time period). If there is no declaration of interest, even after the second stage of additional incentives, the route is characterised as an unprofitable low-demand route (*agoni*) and enters a subsidisation scheme. Then, a tender is held for contracting service operators of these subsidised routes.

Source: For a short introduction on the Greek coastal shipping market see, National Bank Of Greece study "Law on oil prices and their effect on coastal shipping" January 2009. See: <http://www.nbg.gr/wps/wcm/connect/14f3f9ae-da28-4d5b-b0d3-9458c7fe1357/Coastal+shipping+January+2009.pdf?MOD=AJPERES>

Certain countries, such as the US, Italy and Norway, have similar cabotage laws prohibiting non-round trip cruises and thus affecting passenger movements. The aim of all these laws is to restrict foreign flag passenger vessels and/or cruise vessels from transporting guests from one port to another port in the same country.

In the US, the cabotage law applicable to the cruise industry is the Passengers Vessels Services Act (PVSA), better known as the Jones Act. According to the PVSA, if a passenger (as listed on a vessel passenger manifest) embarks in a US port and the vessel calls in a nearby foreign port (such as Ensenada, Grand Cayman or Nassau) and then returns to the US, the person must disembark in the same US port. A passenger who embarks and disembarks in two different US ports (such as Los Angeles and San Diego) would result in the carrier (not the passenger) being fined. The vessel must call in a distant foreign port before the US embarkation and disembarkation ports can differ. The nearest distant foreign ports are in or off the coast of South America. If either the passenger's embarkation port or disembarkation port is in a foreign country, then the provisions of this cabotage law do not apply. Nor do they apply in Puerto Rico and the US Virgin Islands. According to the US Maritime Administration (MARAD), the purpose of such laws are to assure reliable domestic shipping service and the existence of a maritime capability that is completely subject to national control in times of war or national emergency. They believe that the objective is achieved by shielding domestic firms from foreign competition.

4.3.4 *Harm to competition from the restrictions identified*

The regulatory restrictions identified in the Greek cruise market clearly limit the range of services that cruise operators can offer and, as a consequence, may affect the number of potential suppliers competing in the market.

In particular, by allowing only cruises with closed-circuit schedules, *i.e.* same embarkation and disembarkation port, the regulation rules out any other, potentially lucrative, tourist products for the Greek tourist industry. For instance, this regulation leaves out of the Greek tourist market bundled packages that mix cruises and land-based vacations such as cruising for a few days and then remaining at a chosen island destination for the rest of the holiday (from one of the ports of call of the cruise ship).

At present, such options can be combined as individual packages, *i.e.* follow the round trip of a cruise operator and then move to a chosen island resort using traditional transportation services (ferries). Moreover, this type of bundled vacation package can be offered by cruise operators that initiate their cruises from a foreign port (in Italy or Turkey) or by choosing to home port in different Greek ports, other than Piraeus, that is near land-based tourist resorts (*e.g.* Heraklion, Corfu, Rhodes and similar island destinations).

However, as long as this specific bundled tourist product can be offered by cruise operators that initiate their cruises from foreign ports, the restriction that Greek-based cruise operators can offer only round trips may distort the good functioning of the Greek cruise market because Greek-based operators can offer less product differentiation than their foreign-based competitors. In particular, Greek-based operators are restricted to offering: i) round-trip cruises, ii) round-trip cruises bundled with land-based vacations in Greece and iii) non-circular and partial cruises bundled with land-based vacations in foreign country resorts (*e.g.* Turkey). On the other hand, their foreign-based competitors can offer:¹² i) round-trip cruises, ii) round-trip cruises bundled with land-based vacations in their home-based country, iii) non-circular and partial cruises bundled with land-based vacations in foreign country resorts (*e.g.* Greece) and, in addition, iv) non-circular and partial cruises bundled with land-based vacations in their home port country.

Given that the cruise market is global, the remaining regulatory restriction to round trips leaves Greek-based cruise operators in a less competitive position than foreign-based cruise operators.¹³ It follows that this affects competition terms in the global cruise market.

This regulatory restriction to the Greek cruise market restricts the Greek tourist product as a whole and may affect Greek tourist industry competitiveness. This type of bundled cruise and land-based vacation package is likely to be an attractive tourist product for Greece, given its particular geographical and cultural context.

4.3.5 Recommendations

Because of the vital role of Greek ferry transportation for the Greek economy, any further deregulation of the cruise market should be the product of detailed research on the linkages and interdependence of the cruise and ferry markets. The direction of cruise market deregulation should be towards enhancement of competition among cruise operators, enrichment of the cruise tourist product, increasing cruise market efficiency and, at the same time, setting disincentives for cruise operators to opportunistically substitute ferry transportation.

The OECD recommends abolishing the round trip restriction while keeping the 48-hour minimum cruise duration restriction (to clearly differentiate between cruises and ferry services). This would, on the one hand, further liberalise the cruise market and, on the other hand, it would continue to ensure a significant and binding separation between cruises and ferry services. This deregulation direction will eventually enrich products offered by cruises by making bundling cruising with land-based vacations easier and cheaper. A new differentiated and innovative tourist product will be marketed by the Greek tourist industry, with positive economic implications for the local tourist

market, while at the same time enhancing Greece's tourist competitiveness in the global tourist market.

Another, albeit more conservative and partial, recommendation would be to **abolish round trip restrictions only for cruises that end up going to destinations that are unprofitable for ferry transportation**. This type of deregulation still protects the regular sea transportation business by keeping the boundaries on profitable sea routes while setting cruising as a supplement to ferry interconnection on the unprofitable sea routes. This partial deregulation of round trips, if designed carefully, may even reduce the need for subsidising these ferry routes during the summer season and may increase the overall efficiency of regular sea transportation. In addition, it may result in significant economic benefits for the various disembarkation destinations of cruise passengers.

The cruise market can be further liberalised in order to boost Greece's tourist product. However, this deregulation should be done in conjunction with the Greek ferry transportation market by creating complementary, and not opposing, market incentive mechanisms and by keeping the necessary boundaries of the two markets clear and binding.

4.3.6 Benefits

In general, the recommendations noted above will intensify competition among cruise operators and increase cruise market efficiency. In fact, the recommendations will eventually enrich the cruise offer by making bundling of cruising with land-based vacations both easier to carry out and cheaper for operators. This new tourist product will result in significant local economic benefits for the various disembarkation destinations of cruise passengers, and serve to enhance the overall attractiveness of the Greek tourism offer.

The proposed changes could significantly raise the number of cruise passengers that embark in Greece (ranked 5th in Europe in 2011¹⁴). This would have important direct and indirect benefits for the Greek economy. Taking into consideration the direct effect only, a 10% increase would translate into EUR 65 million in additional revenues.¹⁵

4.4 Recreational vessels

4.4.1 Description of the leisure vessels sector

Leisure vessels are important for Greek sea tourism. According to the Ministry of Tourism there are about 16 500 recreational vessels in Greece that generate roughly EUR 600 million in revenues per year. Leisure vessels were first regulated in 1976 by Law 438/1976. The main legislation currently in force in Greece is Law 2743/1999 on Recreational vessels and other provisions.

Greek regulation defines a "recreational vessel" as any vessel with a length of more than seven metres, and which can be used exclusively for leisure travel and sea tours, whether it has accommodation on board or not. The law defines a "commercial recreational vessel" as a recreational vessel that has a capacity of accommodation space for up to 49 passengers in addition to the crew. It is used exclusively for leisure travel and sea tours through total chartering of the vessel, whether with crew or not (in which case it is referred to as a bareboat). The chartering of the vessels must last for at least 12 hours, and must have as its sole purpose recreation or sea leisure.¹⁶ Total chartering means that the vessels cannot be chartered only occasionally for leisure purposes and at other times be used for any other purpose than sea leisure and sea time for all passengers aboard. Total or partial transport of persons and freight or leisure by ticket fare per passenger is prohibited.

The law defines another type of vessel, the “commercial recreational vessel performing day sea cruises”, which is a commercial recreational vessel that can perform small day cruises for tourists by ticket fare per person from the embarkation port to nearby creeks and beaches (for leisure and swimming) and back to the original embarkation port. The routes of the vessels performing day sea cruises must be specific and are determined by the licence of the vessel.¹⁷ Recreational vessels performing day sea cruises can exceed the 49-passenger restriction but the duration of the small day cruise cannot exceed 12 hours. Moreover there are various restrictions regarding the distance that day vessels may cover from the original embarkation port.¹⁸

The third type of vessel is defined as a "private recreational vessel", meaning any other recreational vessel that is not commercial, and which is used only for the private purposes of the owner. Its use for commercial purposes or for sea transportation of passengers or goods is prohibited.

4.4.2 *Regulatory restrictions identified for recreational vessels*

According to the Ministry of Maritime Affairs, the law aims to specifically differentiate the various forms of maritime tourism, and to prevent non-professionals from entering the market for tax exemption reasons:

- By introducing the 12-hour boundary, the law distinguishes small day cruises and chartered leisure sea trips, which thus become separate activities by law even if in practice they may be similar.
- Chartered recreational vessels are obliged to have accommodation space (in addition to space for the crew) while recreational vessels performing day sea cruises are not obliged to have accommodation space for passengers.
- The total chartering obligation for chartered recreational vessels and the obligation of vessels for small day cruises by ticket fare per person exist to reinforce the distinctions between the two activities.
- Minimum fees per day may be set by a ministerial decision for chartered recreational vessels (article 3 of Law 2743/1999 on Recreational vessels). According to the recital of the law, tax evasion has been carried out by the actual commercial vessel owners. By setting minimum fees on chartered sea trips VAT can be avoided, which is tax evasion since commercial vessel owners cannot declare lower taxes by invoicing lower fees than the actual ones. However, despite the fact that the Minister of Maritime Affairs was given such powers by law, a ministerial decision setting prices on chartered vessels has never been issued.
- Owners of commercial recreational vessels must declare a minimum number of days in activity, with a penalty of revocation of the licence if the threshold is not met. This declaration exists in order for the state to ensure that commercial licences in the market are active and to discourage non-professionals from entering the market. The threshold was 300 days every five years, but recent legislation, Law 3182/2003 article 40, has reduced this to 180 days every three years. Different thresholds apply for various types of recreational vessels that may compete against each other (such as bareboats and chartering with a skipper).

- The right to exploit commercial recreational vessels is granted exclusively to their owners, to brokers and to travel agencies (according to article 3 par. 3 of Law 2743/1999). Other professionals, even if they are relevant to the sector, such as shipping agents, do not have the right to exploit commercial recreational vessels.
- There is an extra administrative procedure for commercial recreational vessels that want to depart without passengers. If some suppliers are willing to offer chartered leisure sea trips to tourists from departure points other than the port where the vessel is registered on a permanent basis, extra approval from the competent port authority is required.

4.4.3 *Harm to competition from the identified restrictions*

The regulation artificially segments the maritime tourist market and prohibits any competition between the subsectors of small day cruises and chartered leisure sea trips. This potentially leads to higher prices in both submarkets, lowers the quality of the services offered and introduces operational inefficiencies. Moreover, it creates disincentives for any new investment, either associated with new entry or with product and process innovation. The provisions also limit the services that owners of recreational vessels can offer and, as a consequence, limit their economic activity.

Specifically the 12-hour restriction significantly reduces competition in sea tourism since it prevents chartered recreational vessels (bareboats) from offering, for instance, mini day excursions which compete with vessels in the day cruises market. Usually a chartered leisure sea trip would last more than 12 hours and for distances greater than the ones covered on a small day cruise, provided that chartered vessels offer accommodation space for long stays on board. However those vessels can also be used for performing small day cruises at close distances. Therefore the submarket of vessels performing small day cruises is protected from competition and from new entrants into the market. Respectively, the recreational vessel performing day sea cruises could be used in the other market of chartered leisure sea trips (not for great distances and probably during daylight). As a result, the market for chartered leisure sea vessels is also segmented, and vessels performing small day cruises cannot be used for chartered leisure sea trips.

Setting minimum daily prices in the market of chartered leisure sea trips can cause significant harm to competition. In cases where prices are not freely set by the market mechanism of balancing supply and demand, inefficient market allocation takes place, eventually resulting in lower product quality and little or no innovation, and hence a loss of consumer welfare.

The threshold of a limiting chartering activity into specific time intervals may also pose competition problems. Such a provision may limit the ability of some owners of commercial recreational vessels to lease their vessels and hampers their own free choice of frequency and time periods. As a consequence, it may cause an exclusion effect, limit supply and eventually reduce market competition. Regarding the additional administrative procedure of vessels departing from ports without customers may a pose a barrier to entry for some suppliers or an extra cost procedure that eventually may affect competition. However, those effects are balanced against the need of the state to combat tax evasion. Finally, the provision in article 3 par. 3, regarding who may exploit recreational vessels unduly restricts the range of suppliers and therefore has the potential to distort competition.

4.4.4 *Recommendations*

The artificial distinction between the various types of commercial vessels is distortive and should be explicitly abolished. **Both the chartered vessels and the vessels performing small day cruises are subsectors of the sea tourism market and should be allowed to interact.**

- It was noted that under the latest draft law from April 2013 regarding recreational vessels, the artificial segmentation of the two markets remains by setting various boundaries for sea tourism activities such as: a) total or partial chartering, b) a time duration boundary – 14 hours as a maximum limit for vessels performing sea trips and eight hours as a minimum limit for bareboat chartering. In previous draft law, more artificial barriers were suggested, *e.g.* a minimum capacity of 20 passengers for performing day leisure trips. All these artificial boundaries that fragment the two subsectors and limit the operational freedom of boat owners are unacceptable given their anti-competitive effects.
- The **provision of setting minimum daily prices in the market of chartered leisure sea trips** has never been enforced. However, due to the severe harm to competition that it would create, it **must be completely and explicitly abolished from the law**.
- The restriction of the threshold of minimum chartering days or not allowing commercial vessels to depart without customers, are not unreasonable interventions to the activity of commercial vessel owners,¹⁹ given that they are used to differentiate commercial vessels which benefit from lower taxes from private vessels with a propensity to evade taxes.
- The purpose of the lawmaker to fight tax evasion occurring through commercial recreational vessels is reasonable and a **better monitoring mechanism to minimise fraud should be introduced**. The Ministry of Maritime Affairs intends to further reduce the threshold to 70 chartering days every two years in the latest draft law from April 2013 on recreational vessels.
- **The provision that does not allow broker agents to exploit commercial recreational vessels should be explicitly abolished.**

4.4.5 Benefits

Our recommendation to allow chartered vessels and vessels performing small day cruises to compete directly with each other will increase competition in the maritime leisure market, decrease prices and, as a consequence, benefit consumers.

Box 4.3: Greek cabotage on commercial recreational vessels regarding marine labour and non-EU vessels

According to a Joint Ministerial Decision of 2003²⁰ and other regulations that set the minimum standards of the organic composition of recreational vessels, non-EU citizens may not be employed on commercial recreational vessels that operate in Greece. The organic composition of the crew is the minimum number of crew that should be on board and assigned to specific tasks to ensure maritime safety of a vessel. Non-EU personnel may be employed as secondary personnel to perform duties that are not relevant to the navigation of the vessel (such as a cabin boy). The restriction is applicable for EU commercial recreational vessels operating in Greek Waters. According to the Ministry of Maritime Affairs, the objective of the specific regulation is to ensure maritime safety overall; however the restriction for non-EU personnel is not applicable on private recreational vessels. Their only obligation is to have the minimum number of persons needed on the boat with no citizenship restrictions. This specific restriction may increase the operational costs of vessels, EU personnel may be more expensive to hire relative to non-EU personnel. This may affect the competitive position in the market of suppliers who are willing to hire non-EU personnel on their recreational vessels. Since the specific restriction does not appear to achieve the objectives of the policy maker, it should be reconsidered.

According to article 10 of Law 2743/1999, recreational vessels (private or commercial) with non-EU flags are not allowed to depart from Greek ports or to pick up passengers from Greek ports to travel along with the vessels. The cabotage restrictions refer only to recreational vessels (and do not refer to passenger sea ferries and cruise ships, which fall under different law regimes). Recreational vessels bearing a non-EU flag may, of course, travel in Greek waters and approach Greek ports but a special tax is imposed for their stay per day in Greek waters. Also, another special tax is imposed on private recreational vessels with foreign flags that remain in Greece for more than three months. Those special taxes do not concern vessels with an EU flag or a flag of equivalent status. On the other hand, non-EU recreational vessels are not required to fill in the appropriate paperwork once they approach Greek ports. When they arrive in the first Greek port they declare only the list of their passengers and are given a transit log book. There is no other requirement, such as issuing the appropriate traffic document (called DEKPA²¹). According to the Ministry of Maritime Affairs, the objective of the law was to prohibit illegal unregulated charters carried out by non-EU vessels. Clearly the cabotage restriction creates a barrier to entry for recreational vessels bearing a non-EU flag and, thus, limits competition by artificially limiting the number of potential suppliers willing to enter the market. However, non-EU vessels have no tax obligations or in some cases fall into more favourable tax regimes (of the country whose flag they are bearing) than the tax regimes of EU countries. Also they may have different operational and safety obligations under non-EU regulations. Therefore, allowing those vessels to enter the Greek market may lead to unequal competition with vessels bearing an EU flag.

Source: Ministerial Decision 3511/2003 on Determination of the composition of the crew of commercial recreational vessels and Law 2743/1999 on Recreational vessels and other provisions.

4.5 Car rental with a driver

Car rental businesses were first regulated as a tourist activity in the 1960s (Law 436/1961), and were specifically designated as tourist activities under the general Law on tourism 2160/1993. However, it was not possible to rent a car with a driver from a car rental agency until 2012. According to the law, car rental businesses offer cars to the public on the basis of the whole and not partial rental of the car to a single or a group of customers. Those businesses might be travel agencies, car rental agencies or co-operatives of public passenger cars (*i.e.* joint ventures of multiple car owners).

4.5.1 Restrictions identified in car rental with a driver

According to the recent Law 4093/2012²² car rental businesses can provide car rentals with a driver to the public. However, this is subject to the conditions that (a) the duration of the car hire is at least 12 hours; and (b) the car is not rented to the client partially or per passenger in cases of more than one passenger on board. These cars are prohibited from transporting passengers for a fare. Moreover the cars must have the following characteristics: a) they must be vehicles with engines over 1 500 cc; b) they must comply with EURO V emission standards, or more recent standards; c) they must have a maximum circulation period of seven years from the date the vehicle was first placed in circulation, provided that this date does not differ from the date of production by more than a year, and nine years from the date of release of open-top or “cabriolet” types of passenger vehicles.

The law also provides car rental businesses with the capability to enter into long-term agreements and collaborations with tourist accommodation businesses. These agreements may involve the total or partial lease of the car with a driver to transfer the customers of tourist accommodation. The transfer must be from points of arrival or departure of the customer to the premises of accommodation and vice versa, without the possibility of payment of any amount by way of a ticket directly paid by the client to the driver of the car. The passengers of the car must be predetermined and agreed upon between the two parties entering the agreement: the hotel establishment and the car rental business. Only main tourist accommodations (*i.e.* hotels with more than 10 rooms) may enter into such agreements with a car rental business. Hotels with fewer than 10 rooms²³ may not enter into this type of agreement.

4.5.2 *Objective of the law*

The above conditions are intended to set rules that allow the hiring of a private-use car with a driver from travel agencies and car rental agencies²⁴ as well as companies and associations of public licence passenger cars²⁵ by analogy with existing arrangements for the leasing of passenger cars without a driver. The objective of the lawmaker, according to the recital of the law, is to upgrade the tourist products of Greece, to respond to new needs created in the tourism market and to create new jobs in the tourism industry.

The minimum requirements for private passenger vehicles to be used as rental cars were set in order to ensure protection of the environment and the consumer and to ensure quality of service. The condition on the minimum duration of the agreement with an accommodation establishment and provision of not allowing small hotels to use a rental car with a driver were introduced in the law to distinguish clearly between the services related to tourism and the services that are provided by taxis, and to ensure that the two types of services do not compete against each other.²⁶

4.5.3 *Harm to competition*

The artificial separation and segmentation between the service provided by taxis and that provided by rental of cars with a driver harm competition because they significantly limit the choices available to consumers.

The minimum duration of 12 hours may represent a barrier to entry into the market of renting a car with a driver for suppliers who may find it profitable to offer the service to customers for fewer than 12 hours. In addition, it restricts the services that can be provided by suppliers who are already in the market, thus preventing them from meeting consumers' needs effectively. Consumers should be given the option to rent a car with a driver without a minimum duration, based on their preferences and budget. Since the market is segmented, the incentives of suppliers to compete effectively are also reduced. In fact, taxis can compete with the services provided by car rentals with a driver. For instance, taxis do not face any time constraints regarding their activities. In all member states of the European Union, with the exception of Greece, a car with a driver may be hired from a car rental agency, without any time or other constraints. This service is also provided in non-EU countries, such as Turkey, that compete with Greece as a tourist destination in the Mediterranean.

In economic terms, the crucial distinction between taxi services and car rental with a driver is the pricing of the service. By law, taxis are granted the exclusive right of offering to the public the service of transportation by car with a fare. Taxis charge their services with a fare per time unit and per distance without a predetermined amount.²⁷ Until recently taxis were not able to make advance agreements with their customers about charging for service unless very certain conditions were met.²⁸ A very recent Ministerial Decision (No. 39707/3690/08.08.2013) allows taxis to make agreements with their customers in advance, provided that customers are aware of their right to do so and given that certain conditions are met. The conditions are that the customer who is making a trip with stops at tourist sites must pay a maximum price, in this case, EUR 25 per hour.

In most cases, consumers are familiar with the pricing scheme (per distance and time unit) to take a taxi and estimate the price if they use the service for a limited time and for short distances. If consumers plan to use the service for a longer time (*e.g.* for eight hours) and for longer distances, the pricing structure of taxis, per time and distance, probably becomes less transparent to the consumer and this may lead to overpricing. In such cases, the services of car rental with a driver may be more suitable for responding to the needs of consumers, since these suppliers charge their services on a predetermined basis regardless of the time, the distance or the purpose of the trip (tourist or not).

Consumers should be able to assess the different pricing options available in all cases to make their choices.

The minimum characteristics for car rental with a driver set by law interfere with a supplier's free choice of business assets. For instance, the minimum capacity of a car's engine is not related to the overall quality of a car, given current technology. In addition, the threshold of 1 500 cc of the engine's capacity is hard to justify since it assumes that there is only demand for a certain type of car. This prevents suppliers from offering other services or even entering the market. In summary, the minimum requirements on the characteristics of the car may harm competition because they may lead to increasing costs for suppliers and represent a barrier to entry, placing some suppliers at a competitive disadvantage if they intend to use cars that do not comply with the above criteria.

The provision preventing small hotels (of fewer than 10 rooms) from being able to co-operate with businesses that provide car rental with a driver is particularly distortive. It places small hotels at a competitive disadvantage relative to larger hotels (of more than 10 rooms) and reduces the services available to consumers. The majority of tourist accommodation in Greece is affected by this provision since about 80% of its tourist accommodation establishments are non-main tourist accommodation (less than 10 rooms) according to the official definition. A report from the Confederation of Greek Enterprises for Rented Villas & Apartments (SEEDDE) states that in 2012 the total number of short-term rooms and apartments to let in Greece was approximately 40 000. The number of hotels and similar establishments in Greece was only about 9 670. The additional service of having transportation already arranged by the hotel may be a crucial element of choice for tourists, especially in areas that are located at a considerable distance from ports and airports. Small hotels are left only with the choice to co-operate with taxis in order to offer their customers transportation services.

4.5.4 Recommendations

We recommend abolishing the minimum duration of the service for car rental with a driver. By removing the artificial segmentation of the market, consumers will benefit from choosing freely from a wider range of services. Whether or not taxis can replace rental cars will depend on various factors, including pricing and whether passengers are going to multiple destinations.

The same argument about artificial market segmentation is applicable to non-main tourist accommodation. As a result of this provision, the demand for tourist transportation from small hotels remains in the exclusive domain of taxis with consequences on competition in multiple markets. **The specific provision excluding small hotels should be repealed**, enabling them to enhance their services and compete on a level playing field with other establishments.

The restriction on the engine size of cars for rental (*i.e.* point a) in article 1 of sub-paragraph H2 of Law 4093/2012) **should be removed**. We note that the objective of the lawmaker, to ensure the quality of the service and the protection of the environment, can be achieved through the condition set by law on the maximum age of the car.

4.5.5 Benefits

Provided the recommendations are implemented, we expect they will increase market competition and market efficiency, will benefit consumers by giving them a wider range of services to choose from, and will enable small hotels to enhance their offered services and compete on a level playing field with other accommodation establishments.

4.6 Car rental activity – minimum parking spaces

4.6.1 The restriction

Ministerial Decision 15732/13.11.2012 and Joint Ministerial Decision 17393/7.11.2012 determine a minimum number of parking spaces for car rental businesses. Companies renting cars with (or without) a driver must have parking spaces for at least 50% of their rental car fleet and a minimum area of six m² per vehicle if the total number of such vehicles exceed ten. The parking space must be either owned or leased. If the total number of vehicles is ten, or less, the parking space is not required.

4.6.2 Harm to competition and the objective

The above provision affects large suppliers of the market and may harm competition by limiting the number or range of suppliers. The threshold of ten cars could significantly raise the cost of investment for suppliers who are willing to enter that market with a fleet of more than ten cars. This could be especially relevant for densely populated areas, such as ports in tourist areas, and no available plots for creating parking spaces. The requirement may lead to the exclusion of new suppliers wishing to enter the car rental market in areas where such spaces are not available.

Smaller suppliers with fewer than ten cars face practically zero cost. The provision facilitates entry into the market since the total investment cost is lower for a small-scale initial investment in the market below 10 cars. This latter effect may balance the harm to competition.

The Ministry of Tourism considers that it is proportionate to distinguish between small and large suppliers if the effect on society is equally proportionate. If all car rental businesses were not required to have parking spaces, they would occupy public parking spaces permanently, especially in tourist areas or ports where usually more car rental businesses are located.

Taking into account the purpose of the lawmaker and given the fact that the provision actually may facilitate entry of small suppliers, **no proposals are made to change the provision for car rental spaces.**

4.7 Motorcycle rental activity – background

Renting a motorcycle is also a tourist activity under the Law on Tourism 2160/1993 article 2. The exact terms and conditions of operating a business for renting motorcycles are described in Joint Ministerial Decision 537154/1994 and Ministerial Decision 16598/29.12.2010.

A crucial condition in the first Ministerial Decision, article 1, is that businesses renting motorcycles (over 50 cc without a driver) must have a minimum number of motorcycles, as follows:

- businesses located in Attica: 35,
- businesses located within the administrative boundaries of the Municipality of Thessalonica: 25,
- businesses located on the island of Crete: 20,
- businesses located on the islands of Rhodes and Corfu: 15, and
- businesses located in other areas: 10.

In addition, the minimum size of the offices required by law varies depending on the number of motorcycles operated. If a business operates up to 35 motorcycles, the office must be at least 20 m²; if it operates 35 to 80 motorcycles, the office should be at least 35 m²; and if it operates 81 motorcycles and more the office should be at least 100 m². Moreover, the office facilities have to be independent, meaning that co-location with other activities is not allowed. Finally, those businesses may rent four-wheel vehicles to the public, but these vehicles cannot represent more than 20% of their total capacity in motorcycles.

4.7.1 *Objective of the law*

We understand from the Ministry of Tourism that the objective of the ministerial decisions describing the exact terms and conditions of operating a business of renting motorcycles was, in general, to ensure certain minimum quality standards in the specific market. Particularly in the case of four-wheel motorcycles, the Ministry considered that the specific vehicles were too dangerous for consumers and are polluting the environment more than a normal motorcycle would. Therefore the objective of the provision for four-wheel motorcycles was for the protection of consumers and the environment in tourist areas.

4.7.2 *Harm to competition*

The provision sets unreasonable minimum capacity limits on the number of motorcycles and harms competition from the supply side by imposing a barrier to entry for some suppliers. This could be the case if a supplier has concluded that his business plan works better with fewer motorcycles than what the threshold of the law implies. It might also significantly raise costs for some suppliers relative to others. The provision could also result in a geographical segmentation of the market, given the different criteria set across the country. For instance, a potential investor willing to enter the market of Attica might not have the resources to acquire the required minimum number of 35 motorcycles. Also the artificial capacity of the motorcycle fleet per business could lead to an excess of supply in some geographical areas, eventually leading to market failures and losses for some suppliers.

The restriction regarding space requirements for the offices sets unreasonable minimum limits on the amount of space needed for business facilities. The minimum limits might be a barrier to entry in some geographical markets that are densely built up and have only small office facilities available. As such, it may result in geographical fragmentation of the market. Also it might significantly raise the cost for some suppliers who intend to use smaller facilities for their offices relative to others.

The restriction on the number of four-wheel motorcycles for rental can severely harm competition. If suppliers are not able to satisfy the existing demand due to the restriction, it could lead to a potential supply deficit in some areas. This distortion of the market may lead to higher prices and therefore may limit the choices available to consumers and affect their welfare overall.

4.7.3 *Recommendation*

- **The provision regarding office space requirements should be abolished.** It is worth noting that the minimum space requirements for office facilities were also applicable to car rent and rental with a driver but have been abolished. There seems to be no practical purpose for the requirement, since it is not related to the parking space that is needed for the fleet of motorcycles.
- More crucially and causing a major competition effect, the **capacity limits per area regarding the maximum number of motorcycles operated from a business should be**

explicitly abolished. Likewise, such capacity limits were also applicable in car rental and rental with a driver but have been abolished. We understand from the Ministry of Tourism that a new joint ministerial decision is being drafted that abolishes the above specific restrictions for motorcycle rental.

- The restriction on motorcycles with four wheels is reasonable but there is a question as to whether it should be addressed in the legislation on tourism. If such motorcycles pollute and endanger their passengers more than other motorcycles, then the competent authorities should not allow them to be in circulation in the first place.²⁹ This also addresses concerns that this type of vehicle pollutes the environment more than normal motorcycles. Taking into consideration the harm to competition and the market distortion that is caused, **the restriction on four-wheel motorcycles should be explicitly abolished.**

4.7.4 Benefits

The immediate benefit from our recommendations is increased entry into the sector. We believe that relaxing all the above restrictions will drive new investment in the car rental business. This in turn will drive rental prices down and, thus, will increase consumer welfare and make the car rental market more attractive for visitors and Greeks alike.

4.8 Tourist coach activity – background

Greek legislation defines two separate categories of coaches offering transportation services to the public: regular inter-urban transportation services provided exclusively by KTEL coaches and³⁰ tourist coaches that are only allowed to provide very specific services as explained in this chapter. Law 711/1977 sets out an exhaustive list of the services that tourist coaches are allowed to provide,³¹ *i.e.* organised tourist excursions, transfer of students, transfer of workers, transfers to and from airports or ports and transfer of soldiers. These services are exclusively performed by tourist coaches and KTEL coaches in general may not perform activities reserved for tourist coaches. But in areas where there no tourist coaches operate, KTEL coaches may offer those services normally reserved by law for tourist coaches. According to the law, KTEL coaches may also transfer soldiers, students of state schools or employees of state-owned enterprises.

4.8.1 Restrictions identified on tourist coach activity

Tourist coaches may operate under very specific conditions, set out in article 1 of Law 711/1977, which are to “transfer a predetermined group of passengers, having a common destination through a predetermined, irregular and unscheduled closed route”. A key element of these conditions is the definition of predetermined groups of passengers (*e.g.* students); this implies that any other type of passenger is excluded from the specific transfer and should therefore use regular coach services. As a result of the requirements of “closed route and common destination”, a tourist coach is also not allowed to make any stops (*i.e.* unscheduled, or at the driver’s initiative) in order to pick up or drop off passengers. More generally, a tourist coach is not allowed to potentially interfere with the scheduled regular transportation services operated by KTEL coaches.

According to article 7 of Law 711/1977, tourist coaches are withdrawn from circulation after 27 years of circulation in the Greek market or any foreign market. However, the law specifies that only new coaches may be licensed and placed in circulation as tourist coaches. Second-hand coaches may be placed in circulation as tourist coaches only when they replace coaches already in circulation (*i.e.* under existing licences).³²

According to article 1, par. 4 and 5 of the same law, owners of tourist coaches may set up tourism road transport companies (TEOMs). These companies benefit from a simplified regime; they can obtain the special operation sign, assigned by the Greek Tourism Organisation and necessary for anyone offering services to the public, without any obligation to keep business premises or to submit a letter of guarantee. Tourist businesses of road transportation are permitted to perform all the services set by the law (such as tourist transport services, or coach tourism) for the account of tourist offices.³³ They may not perform all services for their own account. Those they may offer are the transfer of workers, beachgoers and soldiers, but they are not allowed to undertake tourist excursions, transfers to cultural events or transfer of passengers to and from airports, ports, etc.

4.8.2 *Objective of the law*

It was not possible to identify the official objective of the law for the restrictions identified since the recitals of the relevant pieces of legislation were not available. However, we understand from the Ministry of Tourism that the purpose of the lawmaker is to clearly distinguish the scope of these related activities so that there is no unfair competition between the transportation service providers that operate regular and irregular passenger services which may damage the quality of the services offered to the public.

In the case of the restrictions on road transportation imposed on tourist businesses, the Ministry of Tourism distinguishes between travel agencies and tourist businesses as two distinct types of tourist business. Since tourist businesses of road transportation entail fewer obligations for the state they cannot provide the whole range of services to the public.

4.8.3 *Harm to competition*

In an attempt to separate the markets served by KTEL coaches and tourist coaches, the legislation narrowly defines the activities that can be carried out by tourist coaches. For example, tourist coaches that transfer passengers from Athens International Airport to their hotel are not allowed to stop over for sightseeing or to transfer passengers to more than one hotel. Thus, the transportation of tourists from airports to hotels and vice versa, is costly since nearby hotels cannot economise by hiring one tourist coach together and service cannot be improved since bundling transportation with other activities (*e.g.* sightseeing) is not allowed. Another example of a regulatory restriction on tourist coach business activity is the case of an organised excursion for a specific group of tourists. In this case, a tourist coach may not pick up passengers from multiple points although it can make scheduled stops for sightseeing. In summary, the narrow definition of tourist coach services harms competition by restricting service variety and innovation in the sector and indirectly limits the number of potential suppliers willing to enter the market of tourist coach services.

On the other hand, granting exclusive rights to tourist coaches results in further distortions, since it leads to unequal treatment of suppliers in favour of tourist coaches relative to KTEL coaches. This could be the case in areas (such as the Greek islands) where the demand for regular transportation services is limited, while, at the same time, there is high demand for irregular transportation services of tourists. Given that the regulatory framework in force enables KTEL coaches to offer irregular transportation services only when there are no tourist coaches in the area, KTEL coaches underperform and tourist coaches enjoy local monopoly profits.

The provision distinguishing new and old coaches (article 7 of Law 711/1977) implies unequal treatment among suppliers and poses severe harm to competition. Old suppliers already in the market of tourist coaches can replace their coaches with used ones, but new suppliers willing to enter the market do not have the option to use second-hand coaches, even if these satisfy the requirement of

setting the maximum age of the vehicle at 27 years. Since a new coach is clearly more expensive than a used one, the investment cost of a potential new entrant is significantly raised, relative to existing suppliers, which in turn implies that entry is indirectly blocked.

The provision in article 1, par. 4 and 5 of Law 711/1977 sets strict constraints on the activities that tourist businesses of road transportation may perform on their own account. In effect, the provision limits the range of suppliers that can provide certain services (*e.g.* package travel, transportation to airports) that are reserved for tourist offices. This limitation is especially harmful for supplying of just transportation services to tourists, *e.g.* transportation services to and from airports and ports. Those activities could be offered more cheaply to the consumer if the service was organised and supplied through tourist businesses of road transportation without any intermediary such as tourist offices.

4.8.4 European practice and legislation

EU Regulation 1073/2009 defines the following activities:

- “Regular services” means services which provide for the carriage of passengers at specified intervals along specified routes, passengers being picked up and set down at predetermined stopping points.
- “Special regular services” means regular services by organisers, which provide for the carriage of specified categories of passengers to the exclusion of other passengers. Special regular services may operate on defined routes and at defined times, but provide for the carriage of specific types of passengers to the exclusion of others. The main categories of special regular services are student and employee transport services.
- “Occasional services” means services which do not fall within the definition of regular services, including special regular services, the main characteristic of which is the carriage of groups of passengers constituted on the initiative of the customer or the carrier himself. The Regulation does not specify tourist transport services. However it seems that the transport of tourists falls within the definition of occasional services.

Under several articles³⁴ of the Treaty of the European Community, integrated public passenger transport services must be offered to the public without discrimination and on an ongoing basis as a service of general economic interest (SGEI) and are regulated by EU Regulation 1370/2007. Integrated public passenger transport services are interconnected transport services within a determined geographical area with a single information service, ticketing scheme and timetable. Regarding the European practice for regular coach services in most EU member states, some protection (*i.e.* cabotage) is still granted to incumbent operators. As acknowledged by EU Regulation 1370/2007, many inland passenger transport services which are in the general economic interest cannot be operated on a commercial basis. The competent authorities of the member states must be able to act to ensure that such services are provided. The mechanisms that they can use to ensure that such services are provided include: the award of exclusive rights³⁵ to public service operators, the grant of financial compensation to public service operators and the definition of general rules for the operation of public transport which are applicable to all operators. As noted in the regulation, many “member states have enacted legislation providing for the award of exclusive rights and public service contracts in at least part of their public transport market, on the basis of transparent and fair competitive award procedures. [...] Studies carried out on the experience of member states where competition in the public transport sector has been in place for a number of years show that, with appropriate safeguards, the introduction of regulated competition between operators leads to more

attractive and innovative services at lower cost and is not likely to obstruct the performance of the specific tasks assigned to public service operators.”

4.8.5 *The role of cabotage*³⁶

According to a study prepared for the Directorate-General Energy and Transport of the European Commission, the domestic coach market in Greece is subject to a system of regulation which affects both regular and occasional services and significantly limits the potential for competition among coach operators registered in Greece. The particular circumstances of the Greek transport market and the regulations that are applied to it mean that cabotage services potentially have a significant cost advantage and hence a significant impact on local operators.

Cabotage services affect tourist coach services on the basis that they are not able to compete with KTEL (a co-operative of regional coach companies). KTEL are protected against cabotage services through national regulations and have exclusive rights to operate domestic regular services; they have also been given the right to operate special regular and occasional services. For this reason, the tourist coach operators have to compete for a relatively small proportion of the Greek coach market with KTEL and coach operators registered in other EU countries, while they are not allowed to compete with KTEL on the regular domestic market.

4.8.6 *Recommendations*

EU Regulation 1370/2007 awards exclusive rights to operators when passenger transport services cannot be operated on a commercial basis. Greek legislation uses a similar criterion in distinguishing between regular services and other services based on whether the service is offered to the wider public or whether it is targeted to “specified categories of passengers to the exclusion of other passengers” (EU Regulation 1073/2009). In light of these considerations, we are not making any recommendations on the legal provisions that prevent tourist coaches from competing with KTEL coaches.

However, the activities of tourist coaches could be enhanced to improve competition within the market without affecting regular coach services. **We recommend that tourist coaches be allowed to make stops, to pick up or to drop off their passengers in multiple destinations, while still complying with the requirement to carry a predetermined group of customers as required by the current legislation.** Law 4179/2013 goes in this direction by eliminating the common destination requirement. As a result of this change, tourist coaches are allowed to transfer a group of passengers to a common destination and vice versa, *i.e.* to pick up passengers from an airport or port and drop off part of that group in more than one hotel or tourist site. However, from a legal point of view the effect of lifting the common destination requirement is not entirely clear. **We recommend also lifting the closed route requirement** so that it is explicit that tourist coaches are indeed allowed to make stops and to drop off or to pick up their predetermined passengers in multiple destinations.

The provision on second-hand coaches should be explicitly abolished. This was also the direction taken in the recent draft law on tourism, which proposed to lift the restriction. According to the recital of the draft law the provision, combined with the high cost of a new coach, resulted in a black market due to the high demand for the existing licences that granted the right to place second-hand tourist coaches into circulation. However, the specific article was not voted when the bill was voted into law (Law 4179/2013).

The provision that tourism road transport companies (TEOMs) that provide the service of tourism coaches) are not allowed to perform on their own account should be partially abolished. Specifically, the transfer of passengers to and from airports, ports and stations should be allowed by

TEOMs without the obligatory intermediary of tourist offices. Moreover, organising tourist excursions should not remain the exclusivity of tourist offices. While organising an excursion requires specialised know-how, the law ensures a minimum range of services and consumer protection regardless of the provider of the service. TEOMs **should be allowed to perform all kinds of tourist transportation services.**

Finally, the exclusive rights granted to tourist coaches to perform specific activities for occasional and special regular services cannot be addressed without considering the exclusive rights granted to KTEL coaches to perform regular public passenger transport services. Further analysis is required on the exceptions to the law for cases where KTEL coaches can substitute tourist coaches.

4.8.7 Benefits

Greater flexibility in operating should make tourist coach trips more attractive to consumers, benefitting existing Greek and foreign consumers directly and thus enhancing the attractiveness of Greece as a tourist destination. Ending the restriction on second-hand coaches also increases efficiency.

4.9 Barriers to entry into the tourism sector

4.9.1 Background on barriers to entry

In the course of our analysis we identified several provisions that impose specific locational criteria for any investment project and effectively restrict entry into the Greek tourism market. Mainly, the regulations in force demand, as a pre-requisite for investing in and operating special tourist activities (e.g. car racing tracks, athletic and coaching tourism, convention and conference centres, therapeutic tourism), the existence of adequate high quality hotel accommodation in the nearby area. In what follows, we gather all these regulatory provisions in order to assess their impact on tourist market competition and to formulate our recommendations.

4.9.2 Restrictions identified in tourism legislation

*Brokerage offices:*³⁷ Ministerial Decision 798/2012 sets the terms and conditions for the establishment and operation of brokerage firms. According to article 3 a brokerage office must be at least a full 20 m² and must be exclusively for the use of the brokerage activity. The sharing of office space with other activities is prohibited. The law identified a few exceptional cases where the space can be shared with other tourism activities or shipping agents. In case of co-location each of the co-located businesses must guarantee that they have a full, independent and separate office establishment, as defined for each business form.

Car racing tracks: Presidential Decree 14/2007 on "Specifications for the creation of car racing tracks" rules, in its second article, that car racing tracks must be constructed within a 100 km distance of 3,4 or 5-star hotels having a minimum capacity of 1 000 beds and, in article 3, that car racing tracks must be constructed within a 120 km distance of airports.

*Entertainment theme parks:*³⁸ According to Joint Ministerial Decision 16793/2009,³⁹ tourist entertainment theme parks may only be established with hotels if these are 3-star or above. Ministerial decision 9949/12.08.2010⁴⁰ states that theme parks may be established in urban areas with a population over 40 000 or within 60 km (one hour journey time) of urban areas and communities with a total population of 40 000. Moreover, they rule that the establishment of theme parks presupposes

the operation of main accommodation facilities (2 to 5-star hotels) within a distance of 60 km and that an accommodation capacity of at least 3 000 beds is required in the case of large-scale theme parks.

Ski resorts: Ministerial Decision T/6//2003⁴¹ states that a necessary constraint prior to the creation of a ski resort is the operation in the region, and specifically within 30 km of the ski area, of hotels of at least two stars and with a total bed capacity greater than or equal to 10% of the hourly capacity of the ski lifts. It is understood that, in cases where the existing beds in the region are not enough, in conjunction with the ski resort capacity some, or all, of the minimum required number of beds should be built.

Centres of therapeutic tourism: Ministerial Decision 2356/1995⁴² states that all thalassotherapy centres have to be constructed within a five km distance of high class hotels having a capacity of at least twice the capacity of the thalassotherapy centre.

Convention and conference centres: Ministerial Decision 23908/1991⁴³ states that establishment of convention and conference centres presupposes the existence of hotels in the area at predetermined distances that vary according to the size of the conference centre.

*Centres of athletic and coaching tourism*⁴⁴: According to article 2.3 of Ministerial Decision 12061/2007, centres of athletic and coaching tourism are obliged to operate all year round. The decision specifies that in periods of low demand such centres should still be able to satisfy the needs of the local population for sports and athletics. The law states that if such centres are established in combination with a hotel, such a hotel should be at least 3-star or above. The ministerial decision⁴⁵ also states that all centres of athletic and coaching tourism must be constructed within a 30 km distance of 3,4 or 5-star hotels having a minimum capacity of 500 beds.

Centres of foreigners' holidays: Law 3185/1955 on Centres of foreigners' vacation in Greece states that centres of foreigners' holidays in Greece may not be established within five km of areas where other such centres operate, unless the latter provide their consent. This provision is obsolete.

Hotels: Presidential Decree 43/2002, article 1 sets the classification requirements of main tourist resorts into categories on the basis of the star classification system and their technical specifications. The decree stipulates that existing buildings that have been converted into hotels cannot obtain a star classification above 1 star. Moreover, such hotels cannot expand their capacity by adding new rooms or other extensions. They are allowed to improve their services and facilities, but such improvements will not lead to a higher star classification.

Sociétés Anonymes (S.A.) operating hotels: Law 3766/2009, article 6 which regulates the operational arrangement of tourist resorts, stipulates that only a shareholder who is also the chairman of the board or the CEO of the S.A. operating the hotel can be a candidate for election to the Hellenic Chamber of Hotels. If no shareholder of the company can exercise such functions, the right to be a candidate goes to the shareholder designated by the board of directors from among those whose shares represent 10% of the paid-up share capital of the corporation that owns the hotel. Only shareholders of corporations can be candidates for the board of directors of the Hellenic Chamber of Hotels.

Contributions to the Chamber of Hotels: According to Law 4070/2012, article 155, main tourist resorts (defined as hotels of more than 10 rooms) may be granted the required Special Operation Sign to be allowed to operate, only if they have paid all their membership fees to the Hellenic Chamber of Hotels.

Managers of hotels: Law 4070/2012, article 155, specifies certain qualifications for managers of hotels and campsites. For instance, a manager of a hotel with a 4-star ranking or more must have at least a university degree and a minimum of 5 years' experience in working in tourist businesses and must know at least one foreign language. The law also specifies a different set of requirements for managers of hotels with a ranking below 3 stars.

4.9.3 *Objective of the provisions*

The Ministry of Tourism notes that the objective of the various provisions is to protect consumers and tourists, to ensure a high quality of service offered to consumers, to facilitate the viability of the investment and to achieve specific policy goals.⁴⁶

4.9.4 *Harm to competition*

The above requirements may lead to unnecessary significant cost increases, greatly increasing uncertainty for investors and for their activity and thereby acting as a significant barrier to entry into a specific market. Barriers to entry restrict competition in the sector and reduce the incentive to offer lower prices or better quality to attract clients. They are therefore particularly harmful to the Greek tourism sector.

4.9.5 *Increasing costs*

Several of the restrictions identified impose additional or unnecessary costs on the business operator or investor. For instance, this is the case for the requirement of brokerage offices to have a minimum surface which may discourage a small investor. This also applies to the requirement for centres of athletic and coaching tourism to operate all year round. The additional costs imposed by the regulation appear significant and are likely to discourage new entrants. For instance, this is the case where the law obliges investors to operate hotel services above 3-star ranking (athletic centres, theme parks), which imposes a certain level of services and facilities offered by raising the total cost of the investment.

4.9.6 *Restricting entry and discriminating against competitors*

The law effectively prevents anyone from entering the lucrative luxury hotel market by converting an existing house or building. Any converted building cannot obtain a star-ranking above 1 star, and the business cannot be expanded beyond the original size of the house. All purpose-built hotels are allowed to make any kind of improvements in order to acquire more stars. If an investor bought an old building, even a large one, that could acquire more than 1 star with additions of rooms and improvement of services, he is obliged to demolish it and to rebuilt it in order to receive more stars. The above procedure would require substantially more resources and hence constitutes a barrier to entry. Hence, there is little incentive to improve this part of the Greek tourism market that could otherwise flourish through the opportunity for investors, or individuals, to convert existing property into hotels and through innovation, design, facilities and new services to gradually improve their classification and thus earnings.

4.9.7 *Exclusion*

The rules on election to the Hellenic Chamber of Hotels clearly pose a barrier to entry. The Greek state has granted several powers to the Hellenic Chamber of Hotels such as the approval of hotel names. The rules imply that in the case where international investors have bought a hotel in Greece they cannot be represented on the board of the local or national chamber by the local manager. Only

the shareholders can take up these positions. In addition, membership in the Hellenic Chamber of Hotels is obligatory. If a supplier does not pay his contribution fees he cannot acquire the Special Operation Sign from the National Organisation of Tourism (EOT) that is needed for operation. Finally, the requirements on the qualifications of hotel managers impose unnecessary costs on hotel owners.

4.9.8 Recommendations

The provisions constitute unnecessary intervention of the government in the economic activity of various sectors of the tourism industry and are effective barriers to competition. **We recommend eliminating any such restrictions in all tourist activities and submarkets.** Businesses should be free to identify for themselves the complementary services and products that add value to their investment projects and ensure the viability and profitability of their investments.

Finally, **the obsolete provision on foreigners' centres** creates significant regulatory uncertainty in the tourist market and, thus, it **should be explicitly abolished.**

4.9.9 Benefits

The immediate benefit of our recommendations is to increase market and operational efficiency across tourist sectors and tourism businesses, to correct market distortions and intensify competition and to provide incentives for new entry and new investment in the tourism industry.

We further note that the above restrictions seem to neglect opposite spill-over and feedback effects. For instance, an investment project on this kind of tourism activity may drive the demand for accommodation and other complementary services in its nearby area, thereby initiating a wave of more general investment in the region with particular positive effects for the local economy.

4.10 Price approval and submission of price lists in the tourism sector

4.10.1 Background on price approval and price notification

In the Greek tourism sector, we identified many specific provisions referring to price approval and the obligation to submit price lists ("price notification") in several different tourist activities, such as tourist accommodation (hotels, furnished apartments, villas, rooms to let), therapeutic tourism (springs, spas), mountain shelters, sea leisure activities, tourist businesses, marinas and recreational vessels. Price notification/approval regulations are part of a more general microeconomic policy applied in the Greek tourism sector. In this section we analyse the regulations that deal with price notification, assess their objectives and impact on competition and present our recommendations to lift these barriers.

4.10.2 Restrictions identified in tourism legislation

Hotels: According to Law 3498/2006⁴⁷ all main tourist resorts are obliged to submit their price lists to the Hellenic Chamber of Hotels.⁴⁸ A similar restriction is found in Presidential Decision 33/1979 on tourist accommodation in traditional buildings which states that the licensees of hotels in traditional buildings must submit their prices to the Greek Tourism Organisation (EOT) which approves the prices and sets any applicable discounts.⁴⁹ A number of similar pieces of legislation, although outdated and obsolete, are still in force. In particular, Law 431/1937, On provisions related to the inspection of hotels and the protection of their clientele, rules that hotels are obliged to maintain stable prices for time periods determined by the competent committee; that hotel prices may be modified only by the committee; and that discounts are only allowed to a certain extent. Similarly,

Presidential Decree 19/1923 on inspection of price lists of hotels and restaurants states that hotel prices may be modified only by the competent authority.

Furnished apartments, villas and rooms to let: Law 3498/2006⁵⁰ rules that any of these businesses should submit their price lists to local confederations. Decision 515237/2012 of the General Secretary of the Greek Tourism Organisation (EOT), on “Approval of prices of furnished rooms and apartments for rent and of furnished tourist residences and villas and determination of cases on which discounts are granted”, also states that the price lists of furnished residences, villas and any other similar businesses should be submitted to and approved by local associations of such businesses.

Centres of therapeutic tourism: Law 3498/2006, on the development of therapeutic tourism and other provisions, rules that centres of therapeutic tourism are obliged to submit prices to the EOT and maintain them stable for one year. Similarly, Law 3105/2003, on Tourism education and training, provisions on tourism and other provisions, states that the price lists of spas of touristic importance, which are not under the administration and management of the state-owned company Greek Tourist Properties S.A. are determined by the Minister of Development and Competitiveness, at the request of the owner or the operator of the spa. Article 39, par. 15 of Law 3105/2003 rules that the price lists of any therapeutic spring should be approved by ministerial decisions.

Sea leisure activities: Article 32, par. 2, of Ministerial Decision 313/1999⁵¹ rules that sea leisure instructors can set their fees freely (typically per hour), but each year the fees must be submitted to the Port Authority in detail. Instructors are then obliged to maintain these fees for at least 12 months from the date of submission. Also, article 23, par. 6 of the same ministerial decision states that the rental prices of all vessels and equipment for sea leisure activities are freely set, but each year the prices must be submitted to the Port Authority in detail and be maintained for at least 12 months from the date of submission.

Mountain shelters: Ministerial Decision 2868/2004 on regulation of mountain shelters states that a special committee proposes specific rates for mountain shelters to the Minister of Development and Competitiveness for approval. The same ministerial decision further sets the charge for spending the day in a mountain shelter at 20% of the specified overnight charge. Finally, it rules that mountain shelters must display these price lists on a noticeboard.

Timeshare accommodation: Law 1652/1986,⁵² although outdated and obsolete, is still in force and includes various provisions referring to fixing prices of breakfast and rooms for time-sharing tourist accommodation activity.

Tourist businesses: According to Law 2160/1993,⁵³ all authorised tourist businesses are obliged to submit their prices and every variation thereof. Some price notifications are made to business associations while others to the EOT.

4.10.3 Objective of the provisions

According to the Ministry of Tourism, all these provisions on the obligation to submit price lists or seek approval for prices have a common objective which is to inform and protect consumers.

In particular, the centrally organised notification and/or approval of prices by the ministry, the EOT or the relevant business association (chambers, local associations, etc.) aims at decreasing the discretion tourist businesses have over tourists/consumers that follow from the specific features of the tourist market mechanism. This is a market with short-run and often one-shot interactions, relatively extreme seasonal demand bundled with binding capacity constraints and various environmental,

cultural and/or locational “monopoly” rights that some businesses may enjoy owing to their location. To this end, notification and approval of prices is expected to ensure that consumers have a certain price level to compare and bargain.

Moreover, as long as the tourism sector, as a whole, is considered to be the locomotive of the Greek economy, the Ministry of Tourism states that the price notification and/or approval system is a means of checking and balancing the international competitiveness of Greece in the arena of the global tourist market. In fact, the state believes that collecting price information and regulating price levels by specific approval procedures allows it to formulate overall Greek tourist policy and implement specific growth initiatives.

4.10.4 Harm to competition

The submission to and/or approval of prices by the state or by a central organisation such as a business association leads to significant distortion of market competition conditions and to inefficient equilibrium outcomes.

In particular, the provisions on price notification and approval lead to sticky market prices and significant downward price rigidity. This is because prices are not set in accordance with the demand and supply conditions those businesses face, but are declared beforehand by the designated central authority. As a result, tourist businesses cannot react to changing or unexpected market conditions by varying prices. This leads to inefficient allocation of resources, such as idle capacity, non-transparent transactions, informal overpricing or discounting. The obligation to submit or to seek price approval is likely to affect the behaviour of tourist businesses since it may act as an incentive to initially declare prices that are higher than the optimal market equilibrium prices. To this end, prices do not convey much useful information to interested consumers, putting them at a disadvantage in the bargaining of prices.

The price notification and approval systems in the Greek tourism sector are an important administrative burden leading to significant menu costs. Even if the obligation is one of information with a central approval procedure, the result is still market price rigidities, since the administrative cost of re-notification may exceed any incentive tourist businesses may have to adapt their prices to prevailing market conditions. This, in turn, reduces market transparency and, hence may eventually hurt consumers, in contrast with the initial objective of the legislator.

These central notification and approval systems may also affect overall investment in the Greek tourism sector, since the implied restrictions on applied pricing policies and on free price setting by market participants may act as a disincentive for some investors and for specific business plans.

Importantly, the largest distortions of competition take place in cases where tourist businesses are required to submit their prices to their trade association. As discussed above, some regulations rule that the Hellenic Chamber of Hotels or other local tourist business associations must approve the prices of their members. These requirements clearly favour co-ordination on prices among potential competitors, distort the intensity of competition and may even result in collusive equilibrium outcomes (with no competition at all) with a significant negative impact on the welfare of tourists and consumers.

4.10.5 Recommendations

Any requirement to seek price approval or to submit prices should be abolished in all tourist activities and submarkets. The loss in market and operational efficiency across tourist sectors

and tourist businesses, the distortion of competition and the collusive equilibrium outcomes that these regulations may lead to are far larger than their effects in ensuring the protection of tourists and consumers. In other words their negative impact far outweighs their initial legislative objective.

An exception to the above horizontal elimination of price notification and approval is the case for mountain shelters. Since mountain shelters have as their primary purpose the provision of shelter and safety for mountaineers and climbers in danger, there are no anti-competitive implications for the required price approval. In other words, given the locational “monopoly” right of each mountain shelter and given the special demand conditions, **the price approval procedure in force for mountain shelters clearly achieves the objective of consumer protection. However, the specific 20% rate restriction on daily prices of mountain shelters seems completely unnecessary and as such should be explicitly abolished.**

Given the state’s need to collect relevant pricing information in order to formulate the overall Greek tourist policy, we note that **the Ministry of Tourism could organise more innocuous price notification mechanisms similar to other pricing information systems that already exist in Greece.⁵⁴**

Finally, **the obsolete provisions identified above create significant regulatory uncertainty in the tourist market and, thus, they should be explicitly abolished.**

4.10.6 Benefits

The immediate benefit of our recommendations is to increase market and operational efficiency across the tourism sector and tourist businesses, to correct market distortions and intensify competition and to eliminate possible collusive equilibrium outcomes among tourist businesses.

4.11 Preferential treatment of the state

The law⁵⁵ states that all contracts granting rights on public therapeutic springs to current concession holders (local authorities and their companies) are extended for 40 years. This provision is clearly preferential treatment of some concession holders (local authorities and their companies) and may do harm, for instance by increasing the investment cost and the competitive position of other concession holders (concession owners of state-owned therapeutic springs). **The provision for extending rights on public therapeutic springs to 40 years should be explicitly abolished or be restated in order to ensure same rights and terms to every concession owner, local governments and private investors.**

Law 2160/1993⁵⁶ states that properties or business units under management by the state-owned companies Greek Tourist Properties SA and Public Real Estate Corporation (KED) can be leased for up to 99 years.⁵⁷ It further states that such contracts are exempt from any tax, duty or right of the state or third parties and that the rights and fees of notaries, lawyers and registrars for the contracts and any other to realise this practice are limited to 10% of the value of the contract. Private investors have higher lease costs relative to investors leasing property from the state. **This provision favouring Greek Tourist Properties SA and Public Real Estate Corporation discriminates among competitors and should be explicitly repealed.**

Law 2160/1993 (article 6 par. 2 and 17) rules that building licences for buildings owned by EOT are subject to lower stamp duty. Moreover, long-term leasing of real estate or businesses managed by the state-owned company Greek Tourist Properties SA is exempt from taxes and stamp duties of which the state is the beneficiary, while certain other fees are reduced. This provision discriminates

among suppliers, since it raises the cost of private investors, and sets them at a competitive disadvantage, relative to the state acting as an investor. **The provision exempting Greek Tourist Properties SA from taxes and stamp duties should be explicitly repealed.**

4.11.1 Benefits

By eliminating regulatory favouritism of state-owned tourism investments and initiatives, the benefit is to provide greater incentives and equal opportunities to private investors. This should attract new investments in the Greek tourism industry, a clear objective of Greek tourism policy.

4.12 Conclusions on the sector findings

Governments have a crucial role to play in the development and management of tourism and in making it more sustainable. A primary function of government in fostering more sustainable tourism is therefore to create a legislative environment that enables or influences the private sector to operate more sustainably, influencing patterns of visitor flow and behaviour so as to maximise the benefits and minimise the possible negative impacts of tourism.

Providing strong incentives for tourist enterprises to adopt more sustainable practices or to achieve strategic goals in the tourism industry may result in competition or discriminatory effects. The lawmaker should always balance the positive effects of imposing a restriction on the market in order to achieve a common objective, and its potential negative effects on competition. The measure of setting restrictions on economic activity should be transparent, direct and proportionate to the public objective.

Despite many changes in tourism legislation, our review of the laws and regulations on the sector has indicated that some obsolete or restrictive provisions that harm competition still remain.

These provisions include the following:

- Cruises are subject to restrictions in order to distinguish their services from the sea transportation services provided by ferries. The two key requirements that cruises must satisfy are that the duration of the cruise should be at least 48 hours, and that passengers must embark and disembark the cruise at the same port, if they start their trip from a Greek port.
- The regulation on recreational vessels aims to differentiate between various forms of maritime tourism to prevent them from competing with each other. This isolates some activities from competition, potentially leading to higher prices and a lower quality of service.
- For marinas, which are an important subsector of the Greek tourism market, the requirement to submit price lists may provide strong incentives to marina operators to initially submit high prices and, then, informally offer ad hoc discounts to their clients. Imposing a five nautical mile captive radius for private vessels protects marinas from competition from shelters, fishing ports and other commercial ports nearby. This regulatory restriction limits consumer choice and is likely to lead to inefficiency in the marina market; without competition marina owners have little incentive to improve their product.

In addition, we have identified provisions leading to price notification obligations, barriers to entry, geographical restrictions and artificial segmentation of activities into sub-markets. These

restrictions arise from the policy maker's attempt to set minimum quality standards, protect consumers and, in some cases, to prevent certain types of activities from competing against each other.

We have made 76 recommendations for specific tourism provisions out of the 132 provisions on tourism that were analysed in-depth during the course of this project.

Our recommendations will enable businesses to operate more flexibly and to respond more efficiently to market conditions. In addition, we recommend lifting barriers to entry (such as for recreational vessels, car rental with a driver, tourist coaches) and obligations on price notifications and approvals. In general, our recommendations aim at making the environment more flexible and attractive – or cheaper – for businesses. Benefits can be expected from the increased attractiveness of Greece as a holiday destination as the touristic product can be developed more in line with customers' needs.

By their very nature, many of our recommendations do not lend themselves to a straightforward quantification of the benefits they will deliver to consumers. In addition, data availability has also limited the extent to which we could estimate the benefits of lifting restrictions in the tourism sector. However, we have developed estimates for the anticipated impact of our recommendations on marinas and on cruises.

The greater competitiveness of marinas is likely to lead to more high-value tourist traffic with people choosing to spend time in Greece, which may bring benefits quite out of proportion to the marina industry itself. Given that the combined income from the largest marinas in Greece for 2012 was approximately EUR 46 million, a 5% overall improvement in the efficiency of their operation would represent EUR 2.3 million in additional revenues.⁵⁸

The proposed changes in the cruise sector could significantly raise the number of cruise passengers that embark in Greece (ranked 5th in Europe in 2011). This would have important direct and indirect benefits for the Greek economy, where a 10% increase in revenues would translate into EUR 65 million in addition revenues.

Notes

1 Data from the administration of Tourist Ports of the Ministry of Tourism.

2 <http://www.steaa.gr/articleinfo.aspx?guid=f918142c-3527-41dc-a0a7-1b549ed382f9>

3 The ports are supervised by the coast guard. Leisure craft that use the commercial ports of the country are obliged to pay port dues determined by regulatory acts by the Ministry of Maritime Affairs and Aegean. Port dues are paid to local port authorities for the account of the Port Fund and are estimated according to: i) the category of the vessel, ii) the total length of the vessel and its total capacity (grt) and iii) the duration of stay in port. Approximately 3 000 leisure craft can be hosted in Greek commercial ports.

4 Ministerial Decision 8920/2012 on Approval of the Special Regulation for the Operation of the Tourist Port of Vouliagmeni and Ministerial Decision 1631/2007 On the approval of price lists of professional vessels of the tourist port (marina) of Alimos' are examples of ministerial decisions setting prices on a tourist port.

5 Regulation of electronic communications, transport, public works and other provisions.

- 6 This is also applicable with regard to anchorage and shelters.
- 7 Greek Marinas Association, www.greek-marinas.gr/
- 8 The derivation of the estimate is based on the framework in Ennis (2013) summarised in Annex A: Methodology.
- 9 In addition, article 2 of Presidential Decree 122/1995 states that “Embarking and disembarking passengers at intermediate ports is prohibited. During the journey, the passenger is required to follow the course of the ship for the entire duration of the touring trip, but he/she can leave the ship and remain on land for the duration of the stay of the ship at each port” and that “In sea journeys in Greece lasting for more than 48 hours, the passengers/tourists are free to discontinue their journey at intermediate ports, if they have been provided with a ticket for the entire journey and to continue their trip either in a subsequent route of the same duration of the same ship or of another ship of the same or another company that collaborates with the first company. The captain is responsible for declaring to the port authority the names of the passengers who have interrupted their journey”.
- 10 The regulation uses the term “passenger service” to denote a “ferry” while the related guidance (Guidance Note No. 0 information on provisions within European Regulation 1177/2010) refers simply to “ferries. UK Department for Transport, Guidance Note No. 0, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/194787/draft-guidance-note-0.pdf
- 11 The relevant Guidance Note No. 0 also notes that the “passenger service/ferry” definition encompasses any other service, “including those involving an overnight voyage that might be marketed as a mini-cruise”. See note 9.
- 12 Depending on the regulations in their home port country.
- 13 There is no similar round cruise restrictions in the cruise operator home based country.
- 14 European Cruise Council, <http://www.europeancruisecouncil.com/>
- 15 The source of direct revenue data is the European Cruise Council, <http://www.europeancruisecouncil.com/>
- 16 A specific charter agreement, that includes several provisions by law, has to be signed between the vessel owner and the client and be submitted to the local port authorities.
- 17 If the owners of the vessel want to sail a different route, under the current regime they have to apply for a new licence.
- 18 According to Presidential Decree 917/1979 article 1, the small day cruise has to take place between 05:00 to 23:00 hours and within six nautical miles of the embarkation port.
- 19 In cases where the vessel is not functioning (due to mechanical failure) and the vessel owners are in danger of losing their licence to operate by not meeting the threshold of chartering days, the provision is not applicable.
- 20 Ministerial Decision 3511/2003 on Determination of the composition of the crew of commercial recreational vessels.

- 21 The DEKPA (Private Pleasure Maritime Traffic Document) is an official log of entry and exit from ports and is valid for 60 entries. It must be stamped at least every 30 days and grants the permission for yachts to remain in the country indefinitely.
- 22 on Approval of the medium term fiscal policy framework 2013-2016 – Urgent measures for the implementation of Law 4046/2012 and the Medium Term Financial Strategy 2013-2016”, subparagraph H2.
- 23 Hotels of less than 10 rooms are usually only furnished apartments and rooms to let.
- 24 As defined in article 2 of Law 2160/1993 (A 118).
- 25 Established in accordance with article 6 of Law 3109/2003 (A 38) and article 87 of Law 4070/2012 (A 82).
- 26 It should be noted that taxis in Greece remain a closed market under the current Law 4070/2012 articles 82-112. The number of licences to operate a taxi is limited and new licences are issued when various population criteria are fulfilled.
- 27 Roughly, the fare is calculated at EUR 0.68/km within the city limits, at EUR 1.19/km outside the city limits and EUR 9.68/hour in case the taxi has stopped (while waiting or in a traffic jam).
- 28 Ministerial Decrees 17463/1654/22.04.2010 and 5790/575/24.04.2009. Taxis are allowed to pre-charge their services to customers with a maximum price of EUR 25 per hour, provided that they have already received the customer, had taken him somewhere and have made a stop that had lasted over 20 minutes. Routes to and from the Athens Airport have fixed prices.
- 29 The code of road circulation that has to do with safety and environment poses no restrictions for such vehicles.
- 30 KTEL (Joint Bus Receipts Funds) coaches are coaches for public use designated to perform provide regular transportation services; they have been operating in Greece since the 1920s. In each prefecture there is a KTEL body that has by law the exclusive right to offer regular transportation services to the public regular transportation services for that designated area. KTEL bodies are co-partnerships whose members are the coach owners. The state limits the total number of public coach licences. As a result, the cost of acquiring a licence is substantial and is comparable to the cost of acquiring the vehicle. Prices of road transportation services through KTEL coaches are set by law. KTEL coaches have the a legal obligation to offer transportation services to the public even for routes that have minimum demand and are not profitable; in that such cases KTEL coaches may be subsidised by the state.
- 31 Previous to this law any type of bus could provide unscheduled irregular transportation services to the public.
- 32 The number of tourist coach licences is not restricted by law.
- 33 Tourist offices/travel agencies by law may provide a whole range of services to tourists such as travel packages, intermediation to purchase tickets, accommodation, tourist excursions with museum tours and the organisation of cultural events.
- 34 Articles 16, 30, 46, 73, 86(2) and (3), 87, 88 and 95 of the treaty establishing the European Community (EC).

- 35 According to the EU Regulation (EC) 1370/2007 “exclusive right” means a right entitling a public service operator to operate certain public passenger transport services on a particular route or network or in a particular area, to the exclusion of any other such operator.
- 36 http://ec.europa.eu/transport/modes/road/studies/doc/2009_06_passenger_transport_by_coach.pdf
- 37 Meaning the tourist offices designated to provide the public with tickets of maritime transportation, leisure sea trips or short day cruises.
- 38 Entertainment theme parks can be tourist facilities with a special infrastructure (paragraph 3 of article 2 of Law 2160/1993) within or outside the city plan or village limits and offer a variety of recreational services to visitors around one or more themes taken from history, nature, tradition and folklore, etc.
- 39 The specific Joint Ministerial Decision sets the requirements of entertainment theme parks that wish to be subsidised by the state under the incentives of L 3299/2004. However in conjunction with Joint Ministerial Decision 9949/2010, which refers to integration of theme parks in the category of tourism businesses, the above requirements are applicable for touristic entertainment theme parks.
- 40 On Subordination of theme parks in the category of tourism enterprises of par. 3 of article 2 of Law 2160/1993.
- 41 On Conditions for the issuance/grant of a Special Operation Sign to ski resorts.
- 42 On Specifications of thalassotherapy centres for their inclusion in the incentives scheme of L.1892/90.
- 43 On Construction specifications for conference centres for inclusion in the incentive scheme of Law 1892/90.
- 44 In article 2 of the Ministerial Decision, centres of athletic and coaching tourism are referred to as compounds that offer accommodation in a calm, pleasant and comfortable environment, which is combined with a series of pure or mixed sports activities, i.e. sports and related cultural, educational, entertainment, etc. activities at the local, regional, national or international level. The centres of athletic and coaching tourism should offer simultaneous cultivation of individual and/or team sports and the art of sport, with the use of appropriate installations, technological equipment and qualified staff, both sporting and supportive. The provision of these sports and other services should be extended to people with disabilities or to athletes undergoing rehabilitation after injury.
- 45 On Specifications for centres of athletic and coaching tourism (KEPAT) for their submission to the incentives scheme of L 3299/2004.
- 46 For instance, in the case of centres for athletic and coaching tourism, the requirement of year round operation aims at helping local economies.
- 47 On Development of therapeutic tourism and other provisions.
- 48 The Hellenic Chamber of Hotels, under the same law, also approves the name of hotels and their translation into foreign languages.
- 49 However, according to our information from Ministry of Tourism experts, the provision regarding price approval for hotels in traditional buildings has been informally abolished, while the notification requirement still holds.
- 50 On Development of therapeutic tourism and other provisions.

- 51 On Registry and files of professional recreational vessels.
- 52 On Time-share contracts and regulation of related issues.
- 53 On Provisions on tourism and other provisions (article 4 par. 7).
- 54 For example, the Energy Prices Observatory in the Ministry of Environment, Energy and Climate Change and the Price Observatory in the Ministry of Development and Competitiveness.
- 55 Article 39, par. 2, of Law 4049/2012 on Tackling violence in stadiums, doping, fixed games and other provisions.
- 56 Law 2160/1993, article 6, par. 17, and in accordance with article 13 of Law 2636/1998, as amended by article 9, par. 6 of Law 2837/2000.
- 57 Notwithstanding article 610 of the Civil Code that states that after 30 years of lease any party can freely terminate the contract.
- 58 The derivation of the estimate is based on the framework in Ennis (2013) summarised in the methodology annex.

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CHAPTER 5

HORIZONTAL OBSTACLES TO COMPETITION

A number of provisions cut across the four sectors already analysed and their horizontal nature may have a potential serious impact on competition. Among the issues analysed are fees imposed on advertising, rules pertaining to the establishment of companies, licensing issues and restrictions on transportation. A literature study indicates that Greece's high advertising fees are unique in the world. Quantitative estimates indicate that eliminating the advertising fee will increase consumer welfare by EUR 1.8 billion annually, as well as generating around 800 new jobs in the advertising business. Restrictions on establishment licences, both on physical units and length of business activity are a barrier to entry and development of businesses. Temporary and permanent licences for trucks are also addressed. The business activities or inputs analysed in this section feed through the whole economy, which will have important multiplicative effects across the whole economy.

5.1 Introduction

A number of provisions have been identified which cut across the four sectors discussed in the previous chapters. Because these provisions affect firms equally across the economy on a horizontal level, we created a distinctive category under the name “horizontal obstacles”. In this section we analysed the relevant legislation separately from the legislation of the other sectors. Their horizontal nature highlights their importance and the potential serious impact they might have on competition. The issues analysed in this chapter range from advertising fees, to rules pertaining to the establishment of companies, licensing issues and restrictions on transportation.

5.2 Advertising

5.2.1 Introduction

Taxing advertising is a recurring, much debated policy idea that has not been widely implemented in the past, either in Europe or in the US. Two examples exist nonetheless. In Austria a nationwide harmonised 5% tax on advertising has been applied since 2000, whereas in Florida a similar tax was enacted in 1987 but was repealed only six months later. Greece is thus the only OECD country that imposes a very high tax on advertising: 20% for all advertisements in the press and 21.5% for TV and radio. Although from an economic perspective this regulation has the effect of a tax on advertising, the term “advertising fee” is more appropriate in the case of Greece as its revenues are used to fund the health benefits and pension fund of the employees of newspapers, magazines and television and radio stations. In this chapter we analyse the multiple and far-reaching negative consequences of both these laws, L2429/1996 and L2328/1995, for competition.

5.2.2 Identified restrictions regarding advertising fees and their objectives

The relevant Greek legislation on advertising fees includes the following pieces of legislation; article 3 of Legislative Decree 465/1941, article 11 of Law 248/1967, article 12 of Law 2328/1996 and article 33 of Law 2429/1996 provide for a 20% fee paid on the advertising costs of any advertisement placed in the printed press and 21.5% on TV and radio advertising.¹ The objective of this fee is “to provide revenue for the Pension Fund of Personnel of Athens and Thessaloniki Newspapers (Ταμείο Συντάξεων Προσωπικού Εφημερίδων Αθηνών Θεσσαλονίκης, TSPEATH) in order to ensure payment of their insurance and pensions”.

Article 15 of Law 1326/1983 imposes a special 20% tax on the nominal invoice price of advertising on TV; the fee encumbers the company advertised.² The objective of this law is “to limit advertising because it tends to differentiate between the advertised products and other similar products and creates consumerism”. This particular law, although in force, is inactive in practice.

Article 15 of Royal Decree 24.9/20.10.1958 provides for a fee of 2% of the advertising costs paid to the municipality for any advertisement that takes place within its administrative limits (in restaurants, cafes, supermarkets, other shops).³ It was not possible to identify an explicitly stated objective for this provision, but it is our understanding that the purpose is to create revenues for the municipalities.

The history of this law is particularly instructive. Before the creation of the national health system in Greece, different groups of professionals had taken the initiative to create their own insurance and pension funds. It was as a result of such an initiative that the Pension Fund of Personnel of Athens and Thessaloniki Newspapers was created. However, given that newspaper editors refused to pay their employer contributions to finance their personnel fund, in the 1940s⁴ both parties lobbied the

government to impose an advertising fee (5%) and a smaller one on the sales of newspapers (2%). The advertising fee was adjusted to 20% in 1967, before taking its current form in 1995 as 20% of press advertising and 21.5% of TV and radio advertising.

In practice, the fee on advertising is collected by media agencies⁵ and is paid to the journalists' pension fund. The Greek Advertising and Communications Agents' Association (Ενωση Εταιριών Διαφήμισης & Επικοινωνίας Ελλάδος, EDEE) reports that during the period 1996 to 2009 the advertising market contributed on average EUR 153 million every year (or more than EUR 2.1 billion overall) to the journalists' fund. Importantly, the costs of tax collection falls directly and exclusively on the advertising agencies. to the agencies devote considerable resources to fulfilling this obligation which turns them into quasi tax collection offices. According to EDEE estimates, tax collection costs its members approximately EUR 1 million per year.

5.2.3 *Competition effects of advertising*

- International experience

Greece is the only country in Europe that imposes a fee on advertising except Austria and the UK. Austria has had a nationwide harmonised 5% tax on advertising since 2000;⁶ in the UK the Advertising Standards Board of Finance (ASBOF) collects a voluntary levy on advertising costs to help finance the self-regulatory system administered by the Advertising Standards Authority.⁷

The Austrian example is a cautionary tale. Before 2000 each federal state in Austria had a different tax rate for advertising. In 2000, as a result of nationwide harmonisation of the tax rate to 5%, the cost of advertising increased in some regions, decreasing in others. Rauch (2013) examines in detail the change in the marginal cost of advertising on both advertising expenditure and consumer prices by comparing the experience across the different states. Three key results emerge from his analysis. First, a 1% increase in the advertising costs resulted in a 1.6% reduction in advertising expenditure, conditional on firms not exiting the advertising market. Second, the increase in advertising costs increased the exit of firms from the advertising market by 17.5% overall. Third, although some product prices increased and some decreased, on average, Rauch estimates that if the 5% tax was to be abolished, prices would decrease by 0.25% across the whole economy.

Experience from the US is even more dramatic. Florida was the first state to enact a tax on advertising in 1987. During the first quarter 14 000 jobs were lost, projecting a loss of 57 000 after 30 months, as firms (especially in the advertising business) moved to neighbouring states to avoid the extra costs (Godshaw and Pancoast, 1987). As a result, although advertising purchases increased on average by 3% nationally, they decreased by 12% in Florida during the same period (Klein, 2012). Even more strikingly, the Department of Revenue was unable to develop final regulations to administer the law efficiently. After processing 12 million magazine advertising transactions alone, it found that the administrative costs exceeded tax collections. The tax was repealed after six months (Hellerstein, 1988). Since then, 40 US states have considered and rejected the idea of a similar tax on advertising (Klein, 2012).

The effect of advertising on retail prices has been extensively analysed in economics, both theoretically and empirically. (See Box 5.1).

Box 5.1: Literature review of the effect of advertising on retail prices

The theoretical literature has highlighted three different roles that advertising might play in a modern economy: informative, persuasive and complementary.⁸ We briefly analyse each of them as they are associated with distinct positive and normative implications.

The first and oldest view is that advertising is persuasive (Kaldor, 1950; Dixit and Norman, 1978). This view holds that advertising alters consumers' tastes and creates spurious product differentiation and brand loyalty. As a consequence, the demand for a firm's product becomes more inelastic, and so the existence of advertising results in higher prices. In addition, established firms may use advertising as a barrier to entry to protect themselves. The persuasive approach therefore suggests that advertising can have important anti-competitive effects, as it has no "real" value to consumers, but rather induces artificial product differentiation and results in concentrated markets characterised by high prices and profits.

The second view is that advertising is informative (Stigler, 1961; Nelson, 1970, 1974; Butters, 1977; Grossman and Shapiro, 1984; Stahl, 1994). According to this approach, many markets are characterised by imperfect consumer information, since search costs may deter a consumer from learning of each product's existence, price and quality. This imperfection can lead to market inefficiencies. According to this view, advertising arises as the endogenous firm solution to this market inefficiency. When a firm advertises, consumers receive (at low cost) additional information either directly (prices, location) and/or indirectly (the firm is willing to spend on advertising). As a result the firm's demand curve becomes more elastic, and advertising thus promotes competition among established firms. Advertising can also facilitate entry, as it provides a channel for a new entrant to publicise its existence, prices and products. The suggestion here is that advertising can have important pro-competitive effects.

The third view is that advertising does not really changes consumers' preferences but acts as a complementary characteristic to the advertised product (Stigler and Becker, 1977; Becker and Murphy, 1993). According to this view, consumers possess a stable set of preferences and "consume" advertising in the same way as they consume any other product characteristic. For example, consumers may value "social prestige," and the consumption of a product may generate greater prestige when the product is (appropriately) advertised. An important implication is that standard economic tools can be used to investigate whether advertising is supplied to a socially optimal degree, even if it conveys no information.

Given these different views it is not surprising that the empirical evidence of manufacturer advertising on retail prices is rather mixed. On the one hand, many studies support the informative view. Benham (1972) examined the relationship between retail prices and the legal treatment of advertising in the US eyeglass industry. He used as a natural experiment the different regulations imposed by the various states: some states prohibited all advertising, others prohibited price advertising but allowed non-price advertising, and yet others had no restrictions. Benham finds that eyeglass prices were substantially higher in states that prohibited all advertising than in states that had no restrictions; furthermore, prices were only slightly higher in states that allowed only non-price advertising than in states with no restrictions. The association between price advertising and lower prices directly supports the informative view. The association between non-price advertising and still low prices is striking. It appears to reflect the entry of large-scale retail firms into markets and the subsequent non-price advertising carried out by these firms that intensifies competition.

Similar findings are reported in studies of other industries. Cady (1976) finds that retail prices are significantly and positively related to advertising restrictions in the US retail market for prescription drugs, and he also reports a price-reducing influence for non-price advertising. Maurizi and Kelly (1978) find that both the mean and variance of retail gasoline prices are lower in states where price advertising is allowed. Kwoka (1984) finds that non-advertisers and especially advertising firms reduce the price of eyeglasses in markets in which advertising is allowed. Glazer (1981) compares supermarket food prices in Queens, New York and Long Island, over a two-month period in 1978 when a newspaper strike limited the price information that could be communicated through advertising in Queens. The newspaper strike is clearly an exogenous source of variation in advertising restrictions. For a few commonly advertised grocery items, Glazer reports that relative prices rose in Queens during the strike, before returning to normal levels when the strike ended. Finally, Clark (2007) studies the ban on advertising of children's breakfast cereals in Quebec and finds that older, better-known brands have higher market share in Quebec than in regions where advertising is permitted, while the opposite is true for non-established brands.

Milyo and Waldfogel (1999) consider the alcohol industry and make use of an exogenous shock: the 1996 Supreme Court ruling that overturned Rhode Island's ban on the advertising of prices of alcoholic beverages. Using data for 33 alcoholic beverages in 115 stores between 1995 and 1997, they find that stores that advertised substantially cut the prices of advertised products and on average have lower prices than other stores. In contrast to Stigler's (1961) predictions, however, the introduction of price advertising seems to have little effect on the prices of non-advertised products and is not associated with a reduction in price dispersion across stores. Moreover, in analysing the Austrian experience Rauch (2013) finds that prices increased in the industries where the role of advertising is more "persuasive".

In summary, the impact of manufacturer advertising on retail prices is complex. For many industries, there is substantial evidence that retail advertising leads to lower retail prices. Recent work, however, suggests that the distinction between the effect of advertising on the prices of advertised and non-advertised products warrants greater attention, and that advertising in markets where it plays more of a "persuasive" role may also increase prices.

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5.2.4 *Harm to competition*

From an economic perspective, a fee on advertising has a similar effect as that of a tax, which raises its marginal cost. Hence, there are two effects worth analysing. First, imposing a fee affects advertising expenditure; this has repercussions both for advertising as a business input and for advertising as a business activity. Second, increasing the price of advertising alters a key business decision which might affect final prices for consumers. Increasing the cost of advertising will almost certainly result in less advertising expenditure, hence provoking inefficient use of an important business input. A tax on advertising creates a deadweight loss for society as a whole due to the reduced sales. Moreover, as a tax on a business input it leads to cascading of taxes, or double taxation, which economic theory shows is an inefficient way to tax economic activities. In addition, as a tax on a business input it potentially leads to other inefficient choices by firms as it distorts their optimal input mix, called the Averch-Johnson effect (Averch and Johnson, 1962). By raising the cost of advertising it discriminates against small firms (or potential entrants), as some firms might decide to stop advertising altogether. Finally, it discriminates against firms that operate in industries with a high

advertising-to-sales ratio, as they are required to pay an artificially higher cost for their investments. The empirical evidence from Austria and Florida is consistent with the theory. The increase in advertising costs has led to a significant reduction of advertising expenditure (12% in Florida, 1.6% in Austria but conditional on survival) and has led to a significant exit of firms from the advertising market (17.5% reduction in Austria).

At the same time, increasing the cost of advertising hurts advertising as a business activity.⁹ Lower advertising expenditure means reduced revenues and fewer jobs for firms in the advertising business. If the cost of tax collection falls to the advertising agencies, as is the case in Greece, the considerable resources that they have to devote to this activity leads to higher operating costs, which means that small advertising agencies cannot profitably survive, leading to higher concentration in this market. It is worth remembering that one of the main reasons the advertising tax failed in the US was because Florida's revenue department found that the administrative costs of collection were higher than the tax collected. Since advertising is the primary source of revenue for the print media and the sole source for private broadcasters, a reduction in advertising would inevitably result in a loss of jobs and a decreased ability to provide quality content and programming. At the same time traditional media (TV, radio, newspapers) are discriminated against by new media (such as the Internet), since the tax does not apply to them. Empirically, both the reduction in advertising expenditure and the decrease in employment in the advertising business in Austria and Florida¹⁰ provide evidence of the negative consequences experienced by the advertising sector from imposing a tax. Based on the estimated advertising elasticity from Rauch (2013), if we eliminate both advertising fees advertising expenditure is going to increase by 35%, creating more than 800 new jobs in the advertising business alone.

Importantly, the higher cost of advertising hurts consumers in multiple ways. First, it means extra cost to the producers of goods and services that will be, partly or as a whole, incorporated into the final consumer price. Since advertising covers almost all economic activities, this simply means that Greek consumers are paying higher prices than they ought to. Second, higher advertising costs mean less advertising and hence less product information to consumers. The reduced availability of information directly harms competition by allowing incumbent firms to sustain higher prices and by restraining entry. There is ample evidence in the literature (See Box 5.1) on the beneficial role of advertising in lowering retail prices, at least for the products where advertising plays a mostly informational role. Third, less advertising means fewer sales, reducing revenues and providing fewer jobs for manufacturing firms. This reduces tax revenues for the state but also hurts the economy as a whole.

Given that Greece's advertising fee is four times that of Austria, then a very conservative estimate of a 1% price decrease,¹¹ on average, across only the retail sector is estimated to have an annual benefit to consumers of EUR 1.8 billion.¹² This estimate is conservative in nature, as it assumes a linear extrapolation of the estimated price effect of the advertising tax in Austria and is only applied to the retail sector in Greece and not across the whole economy.

Finally and importantly, state-owned companies are not obliged to pay this tax and this distorts competition when there are multiple (state-owned and private) players in a market.

With respect to the 2% advertising fee paid to the municipalities there are two aspects worth commenting on. First, for the fee to be contributive, it should be paid to the municipality in which the advertising takes place. Second, the administrative burden of paying this fee must be significantly simplified as it imposes an unnecessary additional cost on the firms advertised. However, even with these corrections this fee is still very high and the same distortive effects to competition that we analyse earlier apply here as well.

5.2.5 Recommendations

Based on the analysis above, our **recommendation is to eliminate the advertising fee**. The collective harm to competition from the reduction in advertising expenditure, increased product prices, the loss in market efficiency across sectors, and in the advertising sector in particular, is extremely high. The government must find a different, less distortive, way to finance the media employees' pension fund. As also suggested in a parallel OECD publication (2013) one option would be to merge the Pension Fund of Personnel of Athens and Thessaloniki Newspapers with the Federation of Employed Pensioners of Greece (IKA-ETAM) or the Insurance Organisation for the Self-employed (OAEE). Eliminating the advertising fee is expected to decrease the costs of an important business input, to lower the barriers to entry for new products and firms and to increase advertising expenditure, which will boost both employment in the advertising business and tax revenues, allow consumers to make more informed choices and lower the average retail price level.

The advertising fee paid to municipalities must be eliminated. If the objective is to provide revenues for the municipalities then there are many other ways to implement a tax that is more contributive to the local community and less distortionary.

5.3 Licensing and urban planning provisions

5.3.1 Establishment and expansion in Attica

The main issue identified as harmful with respect to competition is the establishment and expansion of industries within the Attica Prefecture. Article 17 of Law 3325/2005¹³ applies special conditions for establishment of new activities within Attica. More precisely, only professional laboratories, electromechanical installations for provision of services and warehouses, all of low [level of] disturbance, may be established in residential areas. Industries and professional laboratories of low disturbance are allowed in industrial areas and warehouses in general are allowed in commercial zones. According to the recitals, the objective of the provision is to ensure a balance between business operation and environmental protection. The overconcentration of industrial activities in Attica has created the need for specific treatment of these industries in order to improve the quality of life of residents, to protect the environment more effectively and to provide incentives for businesses to relocate to areas designated for the industrial sector. A further objective is the modernisation of existing industries. As an exception, the establishment of new activities of low disturbance is allowed under strict conditions in defined areas to provide services to residents.

Attica is the region with the highest population in Greece, with almost half of the country's inhabitants. The establishment of heavy industrial activities close to densely populated residential areas has the potential to create significant risks to standards of living for a considerable part of the population. Two issues can be identified here. First, those industries already established in Attica before the issuing of this law have a competitive advantage (in transport costs, labour availability, etc.) in comparison with potential newcomers. Second, the definition of low, medium and high disturbance, in the case of professional laboratories or industrial plants, is based solely on the power output of their mechanical equipment. This seems restrictive because it takes no account of recent (or future) technological developments that may lead to a higher power output combined with lower disturbance, thus providing a disincentive for new investment in more efficient, environment-friendly technology.

Recommendations: In relation to special provisions for the establishment of new activities within Attica, no proposal is made since the conditions (even the potential harm to competition) seem to be proportionate to the objective to be achieved. **The provision should be reviewed in the light of the definition of disturbance based on the power output of mechanical equipment in order to**

take into account the technological developments that may lead to a higher power output combined with lower disturbance.

In connection with the provisions of Law 3325/2005, article 17 discussed above, article 20, par.1 states that in order for existing industries/professional laboratories operating within Attica to be able to merge, two conditions must be met. First, the two industries must have been in operation for at least three years prior to the merger and second, their products should be similar or one an input of the production of the other. It was not possible to identify the objective of the specific provision other than the general objectives of Law 3325/2005 which are, on the one hand, to reinforce the business environment and to improve competitiveness and, on the other, to ensure a balance between business development and environmental protection.

This restriction refers to the physical merger of industrial production activities in Attica and does not affect company mergers in general. The three-year period of operation may be too long, especially if a company is facing financial difficulties. This expands disproportionately the period of potentially inefficient economic activity, increasing the probability of default. Additionally, the requirement for similarity of products or for one to be an input of the other creates inflexibility for companies, impedes investment and economic growth and hampers innovation. The objective for balance between business development and environmental protection is ensured by the conditions that are already described in the remaining paragraphs of article 20; for instance par. 2 states that, in a case where a laboratory situated in a residential area merges with an industry in a non-residential area, the merged entity must be located in the non-residential area. The objective is also safeguarded by the general provisions on disturbance and environmental licensing and modernisation of the industries, as defined in general laws and ministerial decisions, *e.g.* Law 4042/2011.

Recommendation: Our **recommendation is to abolish the conditions on the merger of activities** within the boundaries of Attica, as described in article 20 of law 3325/2005, *i.e.* the wording “*...provided that the two activities operate legally for at least three years before the merge and the product of one is the same or constitutes the raw material or the intermediary material of the product of the other company*”. Abolishing the specific conditions would promote growth, create greater flexibility for industries/laboratories, encourage new entrants into the market, create economies of scale and stimulate innovation of new products.

According to Law 3325/2005 article 21 par. 1, the spin-off of industries, professional laboratories, etc. is allowed only if the new units are distinctive and operate in completely distinctive places. According to the recitals, the objective of the provision is to prevent the dispersion of industrial activity and to promote modernisation of the industries that will be created after the spin-off. This provision is harmful to competition since it constitutes a barrier to exit. Furthermore, the objective of the provision is not achieved since the regulation, contrary to its objective, encourages dispersion by requiring the units that will be created after the spin-off to operate separately in different places.

Recommendation: We recommend abolishing article 21 par. 1 of Law 3325/2005 which would create greater flexibility for industries and increase legal certainty, thus promoting growth.

5.3.2 Establishment of retail shops

Art 10, par. 1 and 3 of Law 3377/2005¹⁴ determines that to establish a retail shop an entrepreneur needs a licence that is issued by the relevant prefecture council. The law makes this licence conditional on population and geographical criteria: in Rhodes and Corfu if the surface exceeds 1 500 m², in Crete if the surface exceeds 1 500 m² and is at a distance of up to 20 km from the city centre, in Kos, Lesvos, Limnos, Samos, Syros, Zakynthos, Kefallonia and Lefkada if the surface exceeds

500 m² and in all the other islands if the surface exceeds 200 m², etc. Athens and Piraeus are excluded from this requirement. The entrepreneur requires a licence even if the new retail shop belongs to the same firm or even if it is the second branch of a shop in the same area; this is in case the total surface area of both shops exceeds the limits defined by the law and the distance between the old and the new retail shop is less than 100 m. According to the recitals, the objective of the provision is to protect local communities from excessive expansion of business activities that may stifle traditional businesses within urban areas or in geographically restricted areas, *e.g.* the islands. The provision outlines a complete procedure for the issuing of licences.

The provision constitutes a barrier to entry, creates legal uncertainty, impedes investment and limits the number of suppliers. The regulation limits consumer choice and isolates and fragments local markets, which in turn may raise prices. The law confers on the prefecture council broad discretionary powers to decide on the establishment of a retail shop, by taking into consideration urban planning provisions and the compatibility of the shop with the natural and cultural environment. The prefecture council is thus attributed urban planning competences which are already exercised by another authority, *i.e.* the urban planning authority which is competent to apply the urban planning legislation and issue a licence. Additionally, by issuing an establishment decision under the criteria defined in the law, the prefecture council may substantially abolish, amend or substitute the decision issued by the competent urban planning authority.¹⁵ Finally, the discretionary character of the provision creates uncertainty for any potential investor. The prefecture's discretionary power not to allow an investment because it does not "promote" the local market is arbitrary and contrary to the principles of economic freedom and competition.

Recommendation: We recommend that the provision be abolished. Abolishment of the provision would stimulate legal certainty, eliminate potential manipulation, encourage new entrants and promote growth and competition in the marketplace.

5.3.3 *Pre-licensing procedure*

One provision was identified as problematic not for competition in itself, but for entrepreneurship in general. Article 80, par. 2 and 3 of Law 3463/2006¹⁶ provide for a pre-licensing procedure. The procedure consists of the issuing of a pre-liscence by the municipality, with a prior check of aspects that are related to land use, the protection of the environment, the cultural and architectural environment, the protection of beach and forest areas and archaeological and historic places. The authority issues the pre-liscence within one month of filing an application and gives the applicant the right to start operating the business. Following the issuing of the pre-liscence, the applicant must submit all the necessary documents to the municipality. The municipality then has a period of 50 days to proceed with all the necessary in situ controls and then a further 15 days to issue a decision of establishment and operation of the business. According to the recitals of the law, the objective of the provision is to accelerate the administrative process and to reduce the uncertainty that applicants are facing.

Although we have no evidence of distortion of competition, it is still questionable if the licensing procedure described by this provision actually accommodates the objective of the law maker or whether it is in fact inefficient and creates an extra administrative burden that may potentially hamper entrepreneurship in general. The pre-liscence procedure can create legal uncertainty and give potential investors the false impression that they have obtained a permanent licence to proceed with further investments, while the opposite could be the case. Additionally, it may lead to manipulation on the part of the administration.

Recommendation: We recommend that the pre-licensing procedure should be abolished as a whole and replaced with a licensing procedure that is swift, clear, transparent and not subject to manipulation. Abolishment of the pre-licensing procedure would increase legal certainty, encourage new entrants and promote growth.

5.3.4 *Other restrictions on establishment*

Similarly to article 17 of Law 3325/2005, Presidential Decree 24/31.5.1985 gives more general provisions for the establishment of industrial activities for the rest of the country. According to art 3 par. 3 and 4, in cities with populations between 2 000 and 10 000 inhabitants and in cities with a population above 10 000 inhabitants, industries of medium/high disturbance cannot be installed within a distance of 700 and 1 000 metres of residential areas respectively. An exception is made for industries that were granted a licence before the issuing of the presidential decree and established under its entry into force. It was not possible to identify the objective of this particular provision. However, it is our understanding that its purpose is to promote safety and environmental protection and the restriction seems proportional to the objective served. Thus, no recommendation for change is made for the specific provision. However, **the provision should be reviewed according to the definition of disturbance based on the power output of mechanical equipment in order to take into account the technological developments that may lead to a higher power output combined with lower disturbance.**

Article 4 par. 7 of Presidential Decree 24/31.5.1985 provides that expansion of existing industrial facilities which have been operating for at least three years is subject to more favourable building terms, *e.g.* height, percentage of building in relation to the plot, percentage of coverage of the plot, etc. The provision aims to create flexibility for companies which, during their operation, need to expand further; such expansion had not been taken into consideration upon their initial establishment. The minimum time limit of operation of three years is provided to ensure non-circumvention of the urban planning provisions and to ensure that the company, following operation for an adequate time period, needs to expand further. However, the specific provision distorts competition. It creates differential treatment between newly established companies and companies already operating for three years. It can be considered as a grandfather clause to the advantage of companies already operating and wishing to expand, since they fall under urban planning deviations in relation to other companies in the same sector that wish to be established.

Recommendation: The provision should be abolished.

Article 6 par. 16(f), included in Law 1650/1986¹⁹ on “Protection of Environment”, determines that for industries and operations listed in Annex I of the European Directive 2010/75, a financial guarantee or equivalent can be determined as a prerequisite for the issue of the approval of environmental conditions (AEPO). The provision is inactive in practice since a letter of guarantee has never been determined by a relevant ministerial decision. However, given that European Directive 2010/1975 does not require any payment of guarantee, the provision appears vague and arbitrary and, if enforced, it may create barriers to entry, especially if the payment is not reasonable and justified according to the operation.

Recommendation: This provision should be abolished.

5.4 Transport

5.4.1 Truck licences

The legislative framework for licensing of trucks and transportation companies has been subject to many amendments that have liberalised the market. The most recent ones can be summarised in Law 3887/2010, Law 4038/2012 and Law 4093/2012.²⁰ However, some restrictions have been identified and are analysed below. Article 2 par. 6 of Law 1959/1991 on Road transports and chapter C par. 5 of Ministerial Decision A2/29542/5347/1991 on Licensing of trucks according to Law 1959/1991²¹ provide that only one transportation licence for a truck for private use of a maximum gross weight of 4 tonnes is granted to transport companies, offices of transport companies and transport agencies. The licence is granted exclusively for the transportation of packaging materials which belong to them. The same paragraph of Law 1959/1991 and chapter C par. 7 of the Ministerial Decision provide that only one transportation licence for a truck for private use of a maximum gross weight of 3 tonnes is granted to newspaper salesmen exclusively for the transport of the daily and periodic press. The objective of the provisions is to prevent transport agencies and newspaper salesmen from carrying out third-party transport with their trucks for private use.²²

Furthermore, article 2 par. 3 of Law 1959/1991 and chapter D, par. 2,3,5,6 of the Ministerial Decision provide a permanent licence for a truck for private use, and the respective maximum loaded weight, conditional on the annual gross profit of the applicant company/natural person. Prior to the issuance of the permanent licence, a temporary licence is issued based on the annual gross profit. However, this temporary licence does not guarantee that a permanent licence of the same maximum loaded weight will be issued in case the annual gross profit (referred to for the issuance of the temporary licence) is not met. The objective of the provisions is to ensure a balance between fleets of private-use and public-use trucks and to control the increase in the number of private-use trucks, which may be used for illegal transports of third parties.

The above provisions limit business choice and hamper competition. They are in direct contrast to the provisions of Law 3887/2010 and its spirit of liberalisation of licences, as well as the number of private-use and public-use trucks. The number of licences required and the maximum loaded weight of trucks should be a business decision of the company and should not be defined by the state. Otherwise, such interventions may lead to a rise in costs of transportation and of entry into the transportation market; this will lead to second-best choices in terms of economic efficiency for the companies with needs other than those described in the specific provisions. Additionally, the procedure for temporary and permanent licences creates legal uncertainty for a potential investor since the issuance of a temporary licence does not guarantee that a permanent licence with the same maximum loaded weight will be issued.

Abolishing the provisions on the limited number of licences of trucks for private use and disconnecting the conditionality of a permanent licence from the maximum loaded weight and the annual gross profit may lead to entry of new suppliers, would create flexibility for the companies to adjust the maximum loaded weight of their trucks to their business needs and may lead to lower transportation costs.

Recommendations: It is proposed to abolish the temporary licence procedure and to disconnect the maximum loaded weight of the truck from the annual gross profit of the company for the issuance of the permanent licence.

Article 1c of Ministerial Decision B1/OIK. 47801/4111/2007 did not include trucks of private use in the provision of simultaneous transport of perishable and non-perishable products with the same

truck but referred only to trucks for public use. This unequal treatment was restored through the issuance of Circular A1/ouk45399/4659/201223.

Recommendation: The ministerial decision should be explicitly abolished by an act of equal or superior typical force, e.g. by another ministerial decision, by law.

5.4.2 Parking places

Circular B1/ 8535/980/2012 on Application of article 5 of Law 4038/2012 was issued based on article 5 of Law 4038/2012. Chapter E of the circular defined that transport companies operating before the entry into force of Law 3887/2010 can acquire a truck for public use by transfer of licence without the obligation of proving the existence of a parking place. However, such a requirement is obligatory for companies obtaining a licence for road transport after the issuance of Law 3887/2010. The provision aims to ensure that new transport companies are sufficiently well organised to provide a parking place for their trucks and to protect the environment by parking their trucks in designated places and not in residential areas. Companies operating before the issuance of Law 3887/2010, although they were under no such obligation, were given financial incentives to obtain parking places.

The provision protects the incumbent, since it may significantly raise the cost of establishment for new investors in relation to companies already operating in the market. The provision also constitutes a grandfather clause, since companies established under the previous regime are encouraged by certain economic incentives to obtain a parking place, whereas new entrants into the market have the obligation to obtain parking places. The provision deters new entrants from entering the market and may dampen new investment by existing businesses, which operate under shielded conditions, and lead to higher prices.

Abolishing the provision would lead to the equal treatment of suppliers, counterbalance costs among new and old companies and reinforce competition in the marketplace.

Recommendation: It is proposed to abolish the circular outlining the unequal treatment between new companies and companies operating under the previous regime. Since the requirement of a parking place seems proportional to the objective of protection of the environment and the rationalisation of parking of trucks, companies under the old regime should have the same obligation as new entrants, i.e. to obtain parking places for their trucks.

5.4.3 Logistics centres

Article 1 par. 1 of Law 3333/2005²⁴ provides a narrow definition of a logistics centre since it requires that it be connected to or include a railway station, port or airport. The provision aims at better organisation of the transportation system, reducing transport costs and improving the quality of services provided by transport chains. Additionally, article 2 defines a minimum surface of 100 000 m² for the establishment of a logistics centre unless it is established on an island, for which the minimum surface is defined as 50 000 m². The minimum surface requirements aim to ensure sustainability of the investment. Finally, article 3 defines the minimum share capital of a logistics centre which differentiates depending on the surface of the logistic centre. For example, for a logistics centre of more than 500 000 m² the share capital amounts to EUR 2 500 000; for a logistics centre of more than 250 000 m² and up to 500 000 m² the share capital amounts to EUR 1 000 000. We understand that the provision differentiates between share capital and surface area to follow closely the criteria for EU subsidies.

However, the above provisions constitute a barrier to competition. The strict requirements on the location of a logistics centre constitute a barrier to entry for new businesses. Locations near airports, ports and railway stations are limited. Additionally, highways are excluded from the definition; thus, if the legislation were to be interpreted *sensu stricto* business ventures that could take advantages of the national highway network are excluded from the market. Moreover, the restriction on the minimum surface area for the establishment of a logistics centre creates a barrier to entry for those companies which would decide to invest in a medium-size logistics centre with a surface of less than 100 000 m². The provision also raises the operational costs of a company, may limit the number of logistics centres and potentially may raise transport costs.

The objective of this provision on the location of a logistics centre can also be achieved by allowing investors to decide freely on the actual geographical place of their investment according to their business plan, taking into account the existing infrastructure and land usage. Additionally, the objective on the sustainability of the investment in relation to the requirement of a minimum surface area can be assured by the minimum capital investment and the form of the company and cannot be related to the surface covered by the logistics centre. Both the investment and the surface area should be left to the discretion of the investor. Abolishing the above provisions, *i.e.* on the definition of the logistics centre and its minimum surface, would lead to greater flexibility for potential investors, may increase the number of logistics centres, and will enhance competition among companies and increase the quality of services.

Recommendation: The definition of logistics centres in article 1 par.1 should be amended so it does not refer to the location. **We recommend abolishing article 2 on the minimum surface of a logistics centre.**

It is recommended that the explicit reference in article 3 par. 2 of the European provisions on the minimum share capital should be abolished as it restricts competition.

5.5 Conclusions on the sector findings

Three types of provisions have been identified as having a “horizontal” impact across firms and sectors. These include:

- A uniquely high advertising fee in Greece (20% for all advertisements in the press and 21.5% for TV and radio) compared to other OECD countries that is used to fund the health benefits and pension fund of media employees, and an extra 2% advertising fee paid to the municipalities. These fees raise advertising costs and harm both firms and consumers across all sectors of the economy.
- Various restrictions related to pre-licencing, licensing and establishment of retail shops, mergers and spin-offs of companies and grandfather provisions for expansion of existing companies. Such restrictions limit business flexibility, increase legal uncertainty, disadvantage new companies in relation to incumbents and thus hamper growth.
- Unnecessarily restrictive provisions related to truck licencing, grandfather clauses related to parking requirements and overly prescriptive legal clauses related to the location of logistics centres which all seriously harm competition across the sectors that we analysed.

We have made 38 legal recommendations, out of a total of 67 provisions that were analysed in depth during the course of this project.

Our recommendations will enable businesses to operate with more flexibility, and to respond more efficiently to market conditions. Our quantitative estimates indicate that, by simply eliminating the advertising fee consumer welfare will be increased by EUR 1.8 billion annually; we also estimate that it will also generate some 800 new jobs in the advertising business alone. Most importantly, many of the business activities or inputs analysed in this section feed through the whole economy, so we expect that changes in these issues to have important multiplicative effects across the whole economy.

Notes

- 1 Legislative Decree 465/1941, article 3, specifies a 20% fee paid on the advertising cost of any advertisement in the press, whereas Law 248/1967, article 11, provides for a respective 21,5% fee paid for any advertising on radio and TV. Law 2328/1995, article 12 and Law 2429/1996, article 33 provide for the payment of the above fee on the advertising cost of any advertisement through the press or broadcasting media.
- 2 Law 1326/1983, article 15.
- 3 Royal Decree 24.9/20.10.1958, article 15.
- 4 Kathimerini, 20 June 2010.
- 5 Media agencies work closely with (or are part of) the advertising agencies and act as brokers between the advertising business and the media on how to allocate advertising across the different media.
- 6 The only other relevant example is the Slovak Republic that used to charge a tax on all advertising expenditures; this tax was eliminated when Slovakia joined the EU in 2004.
- 7 Typically, the levy is 0.1% on non-broadcast costs (e.g. 0.1% of the cost of placing a newspaper advertisement), and 0.2% of the cost of a mail-sort contract. ASBOF collects the levy and then passes the funds on to the ASA while ensuring that the ASA are unaware of who has contributed to its funding. This avoids the question of money influencing the ASA's decision on its rulings.
- 8 For a recent review see, K. Bagwell (2007).
- 9 The advertising business in Greece has been severely hit by the recent recession. Nevertheless, its turnover in 2012 was EUR 636 million (down from EUR 844 million in 2010); it employs more than 2 400 people (down from 3 250 in 2010).
- 10 The massive decrease in employment in Florida is likely to be an upper limit of the likely impact of an increase in advertising costs since firms in Greece cannot move to neighbouring countries so easily.
- 11 Rauch (2013) estimates that if the 5% tax were abolished prices would decrease by 0.25% across the whole economy. Given that Greek advertising fees are at least four times larger, then the lower limit of the price decrease would be at least 1%. Alternatively, if we multiply Rauch's (2013) price estimates by industry groups, then the overall decrease in prices for the same sectors in Greece in 2012 is 1.35%, which amounts to an annual consumer benefit of EUR 2.4 billion.
- 12 The derivation of the estimate is based on the framework in Ennis (2013) summarised in the methodology annex. The source of turnover data for the retail sector is Hellastat.
- 13 See Law 3325/2005 on Establishment and operation of industrial facilities in the framework of sustainable development, (Official Gazette A' 68/11.3.2005).

- 14 See Law 3377/2005 on Regulations for the improvement of the market, (Official Gazette A' 202/19.8.2005).
- 15 See Council of State 3037/2008 (Plenary), p. 8 and Council of State 694/2013 (Plenary), p. 8.
- 16 See Law 3463/2006 on Code of Municipalities and Communities, (Official Gazette A' 114/8.6.2006).
- 17 See Presidential Decree 24/31.5.1985 on Amendment of the terms and restrictions on building of plots outside urban planning areas and outside the bounds of the villages established prior to 1932, (Official Gazette D' 270/1985).
- 18 See analysis of the harm done to competition and relevant recommendations for article 17 of L. 3325/2005.
- 19 See Law 1650/1986 on On Protection of the environment, (Official Gazette A' 160/1986).
- 20 See Law 3887/2010 On Road commercial transports, (Official Gazette A' 174/30.9.2010), Law 4038/2012 Framework of Financial Policy, liberalisation of professions and other provisions, (Official Gazette A' 242/11.11.2011) and Law 4093/2012 Framework of financial policy and other provisions, (Official Gazette A' 222/12.11.2012).
- 21 See Law 1959/1991 on Road transports, (Official Gazette A' 123/1991) and Ministerial Decision A2/29542/5347/1991 on Licensing of trucks according to Law 1959/1991, (Official Gazette B' 707/5.9.1991)
- 22 It was not possible to identify the objective of the provision. The objective constitutes feedback from the Ministry of Transports.
- 23 See Ministerial Decision B1/OIK. 47801/4111/2007 on Determination of the transportation work of refrigerator trucks of public use, (Official Gazette B 1710/27.8.2007) and Circular A1/oik45399/4659/2012 on Transportation of perishable and non perishable products by trucks of private use.
- 24 See Law 3333/2005 on Establishment and operation of logistics centres, (Official Gazette A' 91/12.4.2005).

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CHAPTER 6

CONCLUSION: BENEFITS FROM REMOVING REGULATORY BARRIERS TO COMPETITION IN GREECE

The four sectors outlined in the preceding chapters accounted for 21% of Greece's GDP by output in 2011 and almost 27% of total employment. The process used in this assessment was divided into four stages: in the first two stages 1 053 pieces of legislation were identified, collected and scanned. In total, 555 individual provisions were identified as restrictive and potentially harmful to competition. In stages 3 and 4 the provisions were assessed and analysed to establish the harm caused to competition, whether a loss of efficiency, loss of consumer benefits or a loss of foregone turnover and revenue. A total of 329 recommendations to remove the identified barriers to competition are made. If the recommendations are fully implemented, the benefits to the Greek economy will be long-lasting in terms of greater consumer choice and variety, lower prices, increased productivity and ultimately higher economic growth. Two annexes, one on the methodology used and one describing the results of the analysis by provision; existing legislation, harm to competition, recommendations and potential benefits are included at the end of the publication.

This report discusses the outcome of a project to assess regulatory barriers to competition in four key sectors of the Greek economy, food processing, retail trade, building materials and tourism. Together these four sectors accounted for 21% of Greece's GDP by output in 2011, and almost 27% of total employment. The report details the analysis and the recommendations resulting from the in-depth assessment of more than 500 legal provisions that were assessed as potentially harming competition.

The process was divided into four stages. In the first two stages the project team identified, collected, and scanned 1 053 pieces of legislation relevant to the four sectors. A fifth "sector", consisting of horizontal legislation with a cross-cutting effect on some or all the sectors (such as some licensing requirements, or rules for transportation of goods) was also identified and added to the analysis. Following the first two stages, in total 555 individual provisions were identified as restrictive and therefore potentially harmful to competition. In stages three and four, these provisions were then assessed in depth, and carefully scrutinised and analysed to precisely describe the harm caused to competition. Where possible, the harm was quantified, either as a loss of efficiency, a loss of consumer benefits, or in some cases, a loss of foregone turnover and revenue. In many cases, it was only possible to describe the harm in qualitative terms; in these cases this was done methodically and based on international empirical examples and a wide-spread literature review of the benefits from competition to economic growth and productivity. Based on these findings, recommendations to lift the restrictions were made. This report makes a total of 329 such recommendations.

It should be noted that the recommendations are not the result of a cost-benefit analysis, and no impact assessment of their ramifications was carried out. Rather this is an in-depth scrutiny of legislation that may constitute a barrier to competition, and detailed recommendations were identified on where and how to lift the barriers.

If the OECD recommendations in this document are fully implemented, benefits to consumers in Greece and to the Greek economy should arise in all four sectors, and throughout the economy as a whole through dynamic effects. Throughout this report, we have sought to identify the sources of those benefits and where possible provide quantitative estimates. These estimates are made, for example, on the basis of experiences of deregulation in other countries in some instances, or just by relating small, conservative estimates of efficiency gains to the overall size of the business activity affected.

Because the benefits of competition arise from innovative actions by many private sector agents – some of them potential entrants and perhaps not even operating in the market just now – any such estimates are highly uncertain and must be regarded as providing, at best, orders of magnitude for the likely effects. Moreover, the aim of the report is to assess the harm to competition, and the expected benefits to consumers from lifting barriers. It was not always possible to quantify the effects of lifting all the restrictions because in many cases it was not possible to measure them, either because of the nature of the restriction or because of an absence of data.

Out of the nine broad issues we were able to quantify, representing 66 provisions out of 329 recommendations in total, we find total effects in the range of **EUR 5.2 billion**, arising from efficiency gains and lower prices on goods and services for consumers. But the positive effects on the Greek economy over time are likely to be far greater.

The benefits arising from lifting regulatory barriers to competition in product markets generally take the form of lower prices and greater choice and variety for consumers. Often this will result from the entry of new, more efficient firms, or from existing suppliers finding more efficient forms of production under competitive pressure. We note in the report that more competitive markets result in faster productivity growth over a longer timescale for the whole economy, but in this report we do not

attempt to estimate this effect. That said, Australia underwent a large-scale review of regulatory obstacles to competition in the 1990s. Based on a conservative review of the effect of this, the Australian Review Commission found that real GDP growth had been 2.5% higher than it would have been without the lifting of the barriers to competition.

Increased competition in Greece, resulting directly from our recommendations, can arise in several different ways, such as:

- the removal of barriers to competition between existing suppliers (such as the recommendation that different forms of tourist transportation be allowed to compete for passenger traffic, or the ability of retailers to freely choose their periods of sales and promotions);
- removal of constraints on the ability of existing suppliers to compete (such as freeing book retailers to reduce prices or allowing cruise ship operators based in Greece to compete on equal terms with foreign rivals);
- removal of restrictions on the entry of new suppliers, or innovative forms of supply (such as allowing supermarkets to sell certain pharmaceuticals, and to bake bread, or allowing the formation of chains of pharmacies); and
- reduction of costs that are particularly likely to hinder competition, for example because they make it harder to advertise, or impose heavy costs on smaller or newer suppliers in the market, for instance through the setting of minimum capital or storage requirements.

In addition, the project team identified a great number of provisions that were either obsolete or no longer in force. Removing these will greatly improve the Greek business environment by eliminating certain sources of legal uncertainty and increasing transparency. Moreover, there were a number of licensing rules and provisions found to constitute administrative burdens. Although it was not in the remit of this project to assess these, they were identified and the information shared with the government. As a general rule, the OECD recommends that licensing rules should be clear, transparent and non-discriminatory, and as simple as possible. Rejections should always be justified, and it should be possible to appeal the decision.

More broadly, the project team was able to exactly describe the benefits that will accrue to the Greek economy and to consumers from lifting the obstacles that were identified. However, to ensure that these benefits actually reach Greek consumers, and are propagated throughout the wider economy, it is important that the suggested measures are fully implemented. Partial lifting of restrictions will yield only partial results. Moreover, this initial project on competition assessment should be seen as only the first part of a much longer process.

6.1. Safeguarding competition impact assessment for the future

This project consisted of carrying out an *ex post* assessment of existing legislation and found valuable and meaningful results. However, in order to safeguard these results for the future, the OECD recommends that performing a competition impact assessment – as part of a regulatory impact assessment (RIA) – should become an integral part of the policy-making process.

The Greek legislator has already taken the first necessary steps to facilitate this process by passing a law which establishes the framework for doing RIA. Law No. 4048/2012 on Regulatory governance: principles, procedures and tools of good law-making, states for instance (Article 7) that

“1. Every bill, addition or amendment and every normative decision of major economic or social importance shall be accompanied by an *impact assessment* [...]. The impact assessment shall be submitted together with the draft provisions to the Office of Good Law-making [...] and 2. The Office for Good Law-making and the Ombudsman shall cooperate with the Legislative Initiative Office of the relevant Ministries provided for in Article 14 with a view to improving the quality of the impact assessment.”

If this law were to be fully implemented, it would establish the required body to oversee and take responsibility for such RIA work. Obviously, these bodies would need to have all the resources necessary to fully carry out and scrutinise such impact assessment, including staff that has been trained and has experience in RIA techniques.

Setting up such an “Office of Good Law-making” is strongly supported by the OECD. Indeed, On 22 October 2009, the OECD Council adopted a *Recommendation on Competition Assessment* that calls for governments to identify existing or proposed public policies that unduly restrict competition and to revise them by adopting more pro-competitive alternatives. The recommendation calls for governments to establish institutional mechanisms for undertaking such reviews. A number of approaches to competition assessment are possible. The OECD's Competition Assessment Toolkit is part of this process.

The OECD project took place over a period of just under 12 months. During this time, a great deal of work was carried out by the Greek government to improve its regulatory framework and to try to streamline licensing procedures and to tackle structural problems. The project of Competition Assessment of Laws and Regulations in Greece was a central part of this effort. It is vital that this effort continues, not just with the implementation of the 329 recommendations contained in this document, but also in the long term, for the greater benefit of the Greek economy, and for the Greek population.

Annex A: METHODOLOGY

This study covers four sectors of the Greek economy: food processing, retail trade, building materials and tourism. In addition to the four sectors, the study also assesses some provisions that have a cross-sectoral bearing. The assessment of laws and regulations in these sectors has been carried out in four stages. The present chapter describes the methodology followed in each stage.

1.1 Stage 1 – mapping of the sectors

The objective of Stage 1 of the project was two-fold: first, to identify and collect all sector-relevant laws and regulations; and second, to provide an economic overview of the sectors. As a prior condition it was necessary to define the scope of the four sectors in detail. Whenever possible, we adopted a definition consistent with the Statistical Classification of Economic Activities in the European Community (NACE classification) in order to ensure consistency with international practice and to facilitate comparisons with other European countries, when required. However this approach was not applicable to the definition of tourism since no such category exists within the NACE classification. In light of this limitation, we defined tourism on the one hand as the activities that fall under the remit of the Ministry of Tourism and/or the bodies under its supervision, and the remit of the Directorate of Sea Tourism and of the Department of Sea Leisure Activities and Tourism within the Ministry of Maritime Affairs and the Aegean, and on the other hand as any activity explicitly classified as “touristic” in the applicable legislation.

The task of collecting the legislation that was relevant for the four sectors was conducted by the OECD team using a variety of sources. The Nomos legal database¹ was the main tool used to identify the applicable legislation. In order to ensure that all important pieces of legislation were covered by the study, input was also solicited from all the competent line ministries involved in the selected sectors (as explained above in *Assessment and recommendations*), from the members of the High-Level Committee composed of senior government officials and from stakeholders within the four sectors. The relevant legislation was then organised into thematic categories, *e.g.* framework regulation applicable across the sector, regulations that deal with specific economic activities within the sector. During Stage 1, a total of 1 053 different pieces of legislation were identified, including laws, ministerial decisions and circulars.

Because of the fragmented nature of the legislation in the tourism area, the relevant laws and regulations for this sector were mapped mainly according to economic activity. In areas which were outside the narrow scope of sector-specific legislation, but may still affect competition (such as legislation related to licensing, environmental legislation and warehouses), horizontal legislation was also identified for further analysis.

For each of the four sectors, we also prepared a brief economic overview, covering industry trends and main indicators such as output, employment and prices, including comparisons with other European Union member countries where relevant. We also analysed summary statistics on the main indicators of the state of competition typically used by competition authorities: information on the market share of the largest players in each sector, as well as some preliminary indication of the profitability of the top firms and of a broader sample of competitors. Where possible, these statistics were broken down by sub-sectors. The analysis conducted in this stage aimed at providing an overall

assessment of competition in the sectors. However, since the sectors covered by the study are very broad, the degree of competition in particular markets may well not be represented very precisely by this type of aggregate statistics.

1.2 Stage 2 – screening of the legislation and selection of provisions for further analysis

In the second stage of the project, the main work stream was the screening of the legislation to identify potentially restrictive provisions. In addition, we compiled economic papers and reports which were considered relevant for the four sectors covered by the study. This section describes the methodology followed in these two tasks. The legislation collected in Stage 1 was analysed using the framework provided by the OECD's *Competition Assessment Toolkit* (2011a and 2011b). The toolkit, developed by the Competition Division at the OECD, provides a general methodology for identifying unnecessary obstacles in laws and regulations and developing alternative, less restrictive policies that still achieve government objectives. One of the main elements of the toolkit is a “Competition checklist” that asks a series of simple questions to screen laws and regulations that have the potential to unnecessarily restrain competition.

Box A.1: Competition checklist

Further competition assessment should be conducted if a piece of legislation answers “yes” to any of the following questions:

(A) Limits the number or range of suppliers

This is likely to be the case if the piece of legislation:

- 1) grants exclusive rights for a supplier to provide goods or services,
- 2) establishes a licence, permit or authorisation process as a requirement of operation,
- 3) limits the ability of some types of suppliers to provide a good or service,
- 4) significantly raises the cost of entry or exit by a supplier, or
- 5) creates a geographical barrier to the ability of companies to supply goods services or labour, or invest capital.

(B) Limits the ability of suppliers to compete

This is likely to be the case if the piece of legislation:

- 1) limits sellers' ability to set the prices for goods or services,
- 2) limits freedom of suppliers to advertise or market their goods or services,
- 3) sets standards for product quality that provide an advantage to some suppliers over others or that are above the level that some well-informed customers would choose, or
- 4) significantly raises costs of production for some suppliers relative to others (especially by treating incumbents differently from new entrants).

(C) Reduces the incentive of suppliers to compete

This may be the case if the piece of legislation:

- 1) creates a self-regulatory or co-regulatory regime,
- 2) requires or encourages information on supplier outputs, prices, sales or costs to be published, or
- 3) exempts the activity of a particular industry or group of suppliers from the operation of general competition law.

(D) Limits the choices and information available to customers

This may be the case if the piece of legislation:

- 1) limits the ability of consumers to decide from whom they purchase,
- 2) reduces mobility of customers between suppliers of goods or services by increasing the explicit or implicit costs of changing suppliers, or
- 3) fundamentally changes information required by buyers to shop effectively.

1.2.1 Outcome of the process

Following the methodology of the toolkit, the OECD team compiled a list of all the provisions which answered any of the questions in the checklist positively. Ministry experts were also involved in this task. The final list consisted of 662 provisions across the sectors, as shown in Table A.1 below. These provisions were analysed further in order to assess whether they should be investigated in detail in Stage 3. A conservative approach was followed and the majority of the provisions identified based on the checklist were carried forward to the next stage. The exceptions were those provisions that resulted from the full and complete transposition of EU legislation into Greek law, *i.e.* with no modifications (such as a regulation preventing the use of the term "diet" in advertising food products), and those that aimed at ensuring consumer safety (such as the indication of origin of meat for traceability). In addition, we identified some economic activities where the legislation potentially restricted competition in view of specific public policy objectives (such as casinos) or because it aimed at ensuring that income was due to the state for the exploitation of natural resources (such as levies on fish auctions). These provisions were not analysed further in Stage 3 of the project. Another group of provisions which were deselected from further investigation were those related to social policy, specifically the licensing regime for street markets and outdoor trade on the basis of social criteria.

Table A.1: Number of provisions selected by sector after Stage 2

Sector	Positive answer to checklist	Deselected	Carried forward to Stage 3
Building materials	47	8	39
Food processing	135	39	96
Retail trade	242	42	200
Tourism	168	37	131
Horizontal legislation	70	19	51
Total	662	145	517 ²

Source: OECD analysis.

The collection of economic studies had the aim of identifying (i) analyses of relevant regulatory policy changes that had taken place in other countries, (ii) empirical and theoretical papers on the areas of interest emerging from the screening of legislation; and (iii) competition cases in the sectors covered by the study in other OECD countries. The main sources for the compilation of relevant literature included academic journals and publications, competition authorities in other countries, international bodies and associations, and the European Commission's website.

1.3 Stage 3 – in-depth assessment of the harm to competition

The provisions carried forward to Stage 3 were investigated in order to assess whether they could result in harm to competition. In parallel, the team researched the policy objectives of the selected provisions so as to better understand the regulation. An additional purpose in identifying the objectives was to prepare for the formulation, in Stage 4, of alternatives to existing regulations, when required, taking account of the objectives of the specific provisions.

The in-depth analysis of the harm to competition was carried out qualitatively and when possible quantitatively, and involved a variety of tools, including economic analysis, research into the regulation applied in other OECD and European countries, Greek and European jurisprudence, and econometric and data analysis. First, all provisions were analysed qualitatively, relying on economic theory, the findings from the literature survey and the guidance provided by the OECD *Competition Assessment Toolkit*. Interviews with industry associations, individual companies and market players in

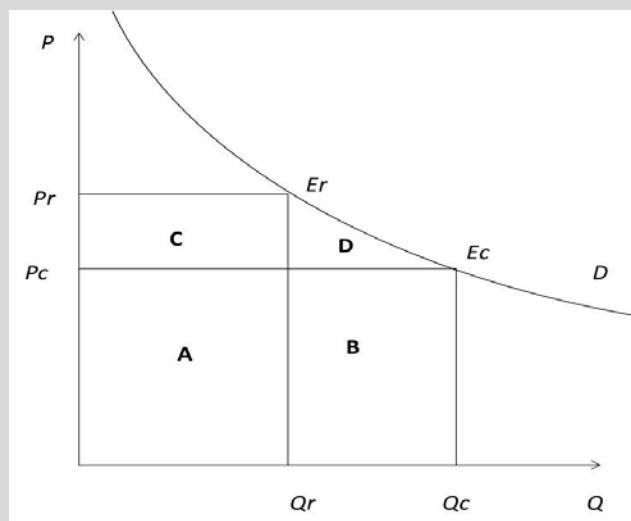
general, as well as with ministry experts complemented the analysis by providing crucial information on the actual implementation and effects of the provisions. Second, whenever feasible and appropriate for the analysis of the issue under consideration, the OECD team gathered data that could be used for the quantification of the effects. For instance, when possible, variables were collected for a sample of countries over time in order to compare countries that had changed a specific regulation with those that had not changed the status quo. In these cases, the data were analysed using econometric techniques. The output of the analysis included the effect on prices and on consumer expenditure.³

In other cases, the expected impact of a regulatory restriction was not modelled directly, for instance because of the lack of sufficient data. Therefore, we relied on the standard methodology of measuring the effect of policy changes on consumer surplus. In particular, as a result of data limitations, we followed the approach in Ennis (2013) which derives a formula for changes in consumer benefits when only sector revenue and the average price effect of the restriction found are available. This is explained in Box A.2 below.

Box A.2: Measuring changes in consumer surplus

The effects of changing regulations can often be examined as movements from one point on the demand curve to another. For many regulations that have the effect of limiting supply or raising price, an estimate of consumer benefit or harm from the change from one equilibrium to another can be calculated. Graphically, the change is illustrated for a constant elasticity demand curve. Er shows the equilibrium with the restrictive regulation, Ec shows the equilibrium point with the competitive regulation. The competitive equilibrium is different from the restrictive regulation equilibrium in two important ways: lower price and higher quantity. These properties are a well-known result from many models of competition.

Figure A.1: Changes in consumer surplus



Under the assumption of constant elasticity of demand the equation for consumer benefit is:

$$CB = C + D \approx (P_r - P_c)Q_r + \frac{1}{2} (P_r - P_c)(Q_c - Q_r)$$

Where price changes are expected, a basic formula for such a standard measure of consumer benefit from eliminating the restriction is:

$$CB = \left(\rho + \frac{1}{2} \epsilon \rho^2 \right) R_r$$

where CB represents the consumer benefit, ρ represents the percentage change in price related to the restriction, R represents sector revenue and ϵ is the absolute value of demand elasticity.

When elasticity is not known, it is worth noting that if $|\epsilon|=2$, which would correspond to more elastic demand than in a monopoly market, but also far from perfectly elastic demand as in a competitive market, the expression above simplifies to:

$$CB = (\rho + \rho^2) R_r$$

Source: Ennis, S. (2013), Estimating consumer benefits of pro-market regulatory reform, draft working paper, Competition Division, OECD, June 2013.

1.4 Stage 4 – formulation of recommendations

Building on the results of Stage 3, we developed recommendations for those provisions which were found to restrict competition. The present report is the result of Stage 4. In this process, we relied on international experience whenever available. When it was not possible to identify from international practice examples of regulation with a lesser impact on competition, we favoured alternatives which were less restrictive for suppliers while still aiming at the initial objective of the policy maker. For instance, these could be policy changes likely to:

- lower barriers to entry into certain economic activities (*e.g.* when retail channels for a given product were restricted or certain suppliers were prevented from manufacturing related products or engaging in related activities);
- restrict the ability of suppliers to compete (*e.g.* price approval mechanisms, restrictions to marketing).

In addition, the OECD team discussed with sector stakeholders the areas of legislation which were initially identified as restrictive and held interactive sessions with ministry experts to solicit their views on recommendations.

Some provisions have been superseded by more recent legislation but have not been explicitly removed from the body of legislation. For these provisions, even if they may not result in actual harm to competition, we recommend that they be explicitly repealed in order to improve legal certainty and transparency. In other cases, we consider that some provisions constitute an administrative burden for suppliers. Even when we do not find evidence of harm to competition resulting from these provisions, we recommend that they be reviewed and simplified to the extent possible.

1.5 Capacity building

Another important work stream in the project was to provide assistance in building up the competition assessment capabilities of the Greek administration. To this end, officials from the line ministries involved in this project were appointed by the Greek government in order to gain exposure

on the application of the OECD *Competition Assessment Toolkit*. Ministry experts were appointed from the Ministry of Development and Competitiveness (General Secretariat of Commerce, General Secretariat of Industry and the General Secretariat of Consumer Affairs), the Ministry of Tourism, the Ministry of Rural Development and the Hellenic Food Authority (EFET). Subsequently, as the scope of the sectors and of horizontal legislation became clearer, additional experts were appointed. These experts were appointed from the Ministry of Maritime Affairs and the Aegean, the Ministry of Environment, Energy and Climate Change (General Secretariat of Urban Planning), Ministry of Infrastructure, Transportation and Networks (General Secretariat of Public Works) and the Ministry of Finance (General Chemistry Laboratory of the State and General Secretariat of Public Revenue).

The selected ministry experts were involved in all the stages of the project and provided insights into the complexity of the legislation in their sectors of expertise. More specifically, at the beginning of the project we organised a workshop which covered an introduction to competition policy and substantive training on the OECD *Competition Assessment Toolkit*. Meetings were also organised by sector of expertise in order to better explain the work and the tasks in Stage 1, and the ministry experts provided a significant contribution in ensuring that the legislation collected was comprehensive. Subsequently, ministry experts had the opportunity to gain hands-on experience in the screening of the legislation using the toolkit as they were invited to help with the work conducted in Stage 2 of the project. The capacity-building process continued in Stage 3 with the identification of the objectives of the legislation in their sectors of expertise. Finally, in Stage 4 we invited the experts to participate in interactive sessions to explain the assessment of the harm to competition with reference to specific provisions and to obtain important feedback on possible alternatives to achieve the same policy objectives while minimising harm.

Finally, throughout the project the OECD team updated the members of the High-Level Committee on the status of our work, including on co-operation with their staff, and discussed with them our preliminary views on the relevant legislation. They were thus able to provide feedback at all stages of the process.

Notes

- 1 NOMOS database – owned, operated and managed by INTRASOF INTERNATIONAL S.A
- 2 In addition, in the course of our investigation, 38 more provisions were added during Stage 4, , taking the total number of provisions analysed to 555.
- 3 The type of analysis and methodology are specific to the issue under consideration and are described in the present report, specifically in Annex 2A and Annex2B of Chapter 2.

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Annex B: LEGISLATION SCREENING BY SECTOR

- Food processing.....B.1
- Retail trade.....B.15
- Building materials.....B.42
- TourismB.49
- Horizontal legislationB.67

Sector: FOOD PROCESSING								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
1	L. 296/1969 "Minimum operation limit of 24 Hours and 5000kgs production of bakeries"	Art. 1	Bakeries	Bakeries within the limits of the previous capital (Athens, etc.) should have the capacity for at least 5 000 kg of production per 24 hours.	Bakeries	The official recital has not been identified. This provision may have been issued for reasons of capacity/adequacy of bread in larger cities and outlying areas in order to cover the population's needs, taking into account the population criteria that have been determined by the policy maker. This restriction imposes quantitative and geographical restrictions on new entries (bakeries), by regulating a minimum hour capacity and production in certain geographical areas (Athens, Thessaloniki, Patra) and in others according to population criteria (over 40,000 inhabitants). However, this legislation is quite old and does not seem to be in force because L. 3526/2007, which is the framework law for bakeries and bakery products, abolishes any provision that is contrary to its regime (horizontally rather than explicitly). There is a need for it to be explicitly abolished for reasons of legal certainty and misinterpretations by Control Authorities.	Legal uncertainty and misinterpretation by Control Authorities; difficult to implement and monitor compliance; redundant and obsolete; potentially raises cost.	Explicitly repeal the provision. The horizontal provision for requisition may apply.
2	L. 3526/2007 "Bread and bakery products"	Art. 1	Bakeries	Strict definitions for bakeries/points of sale of bread (the term bakery is used when the production cycle starts and ends in the store; the term point of sale of bread is used to indicate the retail sale of bread; in practice, part of the production process can be completed at the point of sale. Nevertheless it has a disclaimer for imports and circulation of goods from EU countries and Turkey. The article provides narrow definitions on what a baker or bakery is. It is also important to understand the article in relation to art. 2 par. 8 in which it is determined that no other person can use the term "baker" or "bakery" except individuals/legal persons who directly manage, by the choice of raw materials, dough kneading and its development up to the final shaping as well as the baking of bread to the point of sale.	Bakeries	The official recital refers to the need of the determined definitions for the comprehension of the Legal Document. Regarding art. 2 par. 8 the official recital mentions that this restriction ensures the relevant traditional activities and prevents the consumer from being misled.	Artificially segments the market; it is unclear whether consumers understand the difference; sets restrictions in favour of craft bakeries where both points of sale of bread (indicating the retail sale of bread or when part of the production process can be completed at the point of sale) and bakeries produce similar products; perception by consumers of similar products. Additionally, the term "fresh" (already in the Law) can be used as an equivalent alternative in order for bakeries to have an advantage.	The specified definition should be abolished; marketing choices could be used (e.g. bakeries can use a sign "it is kneaded and baked in store"); can be abolished without creating legal problems regarding licensing (e.g. the industrial distinction remains when production takes place). Points of sale of bread that operate only as points of sale (not even bake-off installation) should be excluded and not use the term "craft bakery".
3	L. 3526/2007 "Bread and bakery products"	Art. 1 par. 1 (in)	Bakeries	Manager Baker – 3 years of relevant schooling or experience as a prerequisite. The definition of the article defines the manager baker as the person who - inter alia - should have been qualified by means of one or more of the following: a) certificate of a two-year course issued by a professional school, b) has worked for at least for 3 years in a bakery as a skilled worker, c) has worked for at least for 3 years in a bakery as a family partner of the business, providing production services. This article should also be examined in relation to art. 3 par. 2 (see below).	Bakeries	The official recital refers to the need for determined definitions for comprehension of the Legal Document. However, by examining the provision in relation to the provision of art. 3 par. 2, the official recital mentions that the article introduces for the first time the obligation to appoint a manager baker in order to <u>ensure the efficient control</u> of the implementation of the sanitary and labour legislation, with all its beneficial results (of the control) for the consumer and the employee.	This provision requires a qualification for the responsible person under whom a bakery operates. The restriction of operating only in one bakery may increase the cost of more than one bakery under the same firm (the need to hire more than one responsible person for each store). However, taking into account the intention of the policy maker which is to secure appropriate sanitary conditions, it is necessary to have one qualified person to operate in a bakery and is proportionate to the objective of the provision.	No recommendation for change.
4	L. 3526/2007 "Bread and bakery products"	Art. 10 par. 2, 3 & 4	Bakeries	Sets only certain types of weight for bread and bread products. The article determines certain weights for bread and bread products. Bread should be sold in 500, 1,000, 1,500, 2,000 gr packages. Products from bread should be sold in 250, 350, 500, 750, 1,000 gr packages.	Bakeries	The official recital does not give a specific justification for determining specific weights; likely to make quantities and price comparisons easier.	Investigations of the market have indicated that the specific weight cannot be determined in advance and diverges from the specified weight (less weight); rigid weight leads to waste and restricts product variety; does not achieve consumer protection.	Replace weight restrictions with price/kg. In this way there is no possibility for negative divergences - as is the case at present - and consumers cannot be cheated. Price comparison is easier. No additional costs given that bakeries and points of sale of bread already operate with weighing machines. Additional option: For products that are commonly sold per piece, price per piece can be added to the label, as a complementary indication to price per kg. This option can also be used for a transitional period in order to help consumers at the beginning of deregulation [The UK, after deregulating, decided to indicate the weight of products that were sold in weights other than previously specified (400 gr and multiples)].

Sector: FOOD PROCESSING								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
5	L. 3526/2007 "Bread and bakery products"	Art. 14 par. 1	Bakeries	Only bakeries and points of sale of bread can sell bread. If another shop (limited types) would like to sell bread, it can do so but must operate only as a point of sale of bread.	Bakeries	This restriction has been abolished with the circular ΑΔΑ Β4 ΜΦΦ-Β5Ε after the interpretation of the Law 3919/2011 for the liberalisation of professions but has been partially regulated again by Law 4152/2013. The official recital of the Law 3526/2007 mentions that this provision aims to protect public health and the consumer. For further analysis, see below, row 14.	See below, row 14.	See below, row 14.
6	L. 3526/2007 "Bread and bakery products"	Art. 16	Bakeries	All businesses should have a stock of oats, salt and fuel for certain periods of time. The article details that bakery businesses have an obligation to stock flour, salt and fuel in quantities that can cover, according to daily consumption, at least 3 days of bread production during the period mid-June to mid-September and for 7 days mid-September to mid-June.	Bakeries	Security of market supply.	The obligation seems subjective and cannot be justified within the scope of the regulation and the development of the bakery market. This does not seem to affect competition in a direct way; however it may increase the cost of operations. Furthermore, the obligation cannot be implemented in a rational way and may create uncertainty for businesses. Finally, the horizontal provision for requisition in cases of national emergency can cover this case as well. Obsolete.	Explicitly repeal the provision. The horizontal provision for requisition in urgent cases may apply as well.
7	L. 3526/2007 "Bread and bakery products"	Art. 17	Bakeries	Any production should not take place before 4am or after 9pm. Industrial installations are exempted from the previous restriction.	Bakeries	There is no specific objective in the official recital. This provision may be regulated due to the particular characteristics of this production (the demand for these products starts early but, on the other hand, production takes longer to produce a final product) in order to protect employees who work continuously during the night.	In a similar case (Case 155/1980 preliminary ruling on the implementation of the Treaty regarding the measures of equivalent effect), regarding the prohibition in a relevant German Law on working hours in bakeries, before 4am and after 10pm, the ECJ concluded that it cannot be disputed that the prohibition in the bread and confectionery industry on working before 4am in itself constitutes a legitimate element of economic and social policy, consistent with the objectives of public interest pursued by the Treaty. Indeed, this prohibition is designed to improve working conditions in a manifestly sensitive industry, in which the production process exhibits particular characteristics resulting from both the nature of the product and the habits of consumers. For these reasons, several Member States of the Community as well as a number of non-member states have introduced similar rules concerning night work in this industry. In this regard it is appropriate to mention Convention No 20 of the International Labour Organisation of 8 June 1925 concerning night work in bakeries which, subject to certain exceptions, prohibits the production of bread, pastries or similar products during the night (Greek MoLabor - tp://www.yapakp.gr/uploads/files/2469.pdf). A similar provision also in France No 246 (p.769) - No 13950 "Loi tendant à la suppression du travail de nuit dans les boulangeries" du 28 mars 1919: "Il est interdit d'employer des ouvriers à la fabrication du pain et de la pâtisserie entre dix heures du soir et quatre heures du matin". Further to the above-mentioned analysis, this restriction is proportionate and necessary for the intended purpose of the policy maker.	No recommendation for change.
8	L. 3526/2007 "Bread and bakery products"	Art. 2 par. 5	Bakeries	Specific areas for operation and minimum limits of dimensions (see it in relation to art. 17 for existing bakeries, industries or laboratories).	Bakeries	See below, art. 4, row 14.	See below, art. 4, row 14.	See below, art. 4, row 14.
9	L. 3526/2007 "Bread and bakery products"	Art. 20 par. 1 & 2	Bakeries	Points of sale of bread - requirements for toilet (2 m2).	Bakeries	Lifted by Law 4152/2013.	Lifted by Law 4152/2013.	Abolished by the Law 4152/2013.
10	L. 3526/2007 "Bread and bakery products"	Art. 20 par. 3	Bakeries	Old points of sale of bread can fulfil the provisions that applied before (at the time of issue of licences).	Bakeries	There is no official recital; probably to avoid cost burden.	No justification and vague provision (the new Law does not apply at all to incumbent businesses); no requirement for adjustment to the new legislation; inequalities in operation of points of sale of bread and may create cost differentials; legal vacuum and uncertainty; favours the incumbent and acts as a barrier to entry.	Amend the provision in order to remove the exemption.
11	L. 3526/2007 "Bread and bakery products"	Art. 20 par. 4	Bakeries	Old bakeries, industries and laboratories can fulfil the provisions that applied before (at the time of issue of licences).	Bakeries	There is no official recital; probably to avoid cost burden.	No justification and vague provision (the new Law does not apply at all to incumbent businesses); no requirement for adjustment to the new legislation; inequalities in operation of points of sale of bread and may create cost differentials; legal vacuum and uncertainty; favours the incumbent and acts as a barrier to entry.	Amend the provision in order to remove the exemption.

Sector: FOOD PROCESSING									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
12	L. 3526/2007 "Bread and bakery products"	Art. 20 par. 6	Bakeries	Licences issued before this law for bakeries, industries and laboratories are still in force until their expiry date. It is noteworthy in relation to bread depots that have more prerequisites in order to operate (note that dimensions have been lifted).	Bakeries	There is no official recital; probably to avoid cost burden.	No justification and vague provision (the new Law does not apply at all to incumbent businesses); no requirement for adjustment to the new legislation; inequalities in operation of points of sale of bread and may create cost differentials; legal vacuum and uncertainty; favours the incumbent and acts as a barrier to entry.	Amend the provision in order to remove the exemption.	
13	L. 3526/2007 "Bread and bakery products"	Art. 3 par. 2	Bakeries	The manager baker can operate only in one bakery installation.	Bakeries	The official recital refers to the need of the determined definitions for the comprehension of the Legal Document. However, by examining the provision in relation to the provision of art. 3 par. 2, the official recital mentions that the article introduces for the first time the obligation to appoint a manager baker in order to ensure the efficient control of the implementation of the sanitary and labour legislation, with all its beneficial results (of the control) for the consumer and the employee.	This provision requires a qualification for the responsible person under whom a bakery operates. The restriction of operating only in one bakery may increase the cost of more than one bakery under the same firm (need to hire more than one responsible person for each store). However, taking into account the intention of the policy maker which is to secure the sanitary conditions, it is necessary to have one qualified person to operate in a bakery and is proportionate to the objective of the provision.	No recommendation for change.	
14	L. 3526/2007 "Bread and bakery products"	Art. 4 par. 1	Bakeries	The previous version of the article imposed minimum surface restrictions. Minimum requirements in dimensions and provision of space have been lifted with the Law 4152/2013 (par. H1). The new article determines that if the point of sale of bread is not a separate and independent store, it can be established in all food and beverage stores except butcheries, poultry stores, fishmongers, kiosks and convenience stores, in an area clearly separated and subject to the sanitary provisions.	Bakeries	For consumer protection and for public health reasons. (recital of L.3526/2007), the new Law 4152/2013 (imposing the restriction) mentions that this provision is for the protection of the consumer.	The article allows only food and beverage stores to sell bread and does not include other kinds of stores (e.g. convenience stores in gas stations) to sell bread. Additionally, certain types of food and beverage stores are excluded. International experience indicates that there is no such restriction but, in general, only a note for sanitary requirements. In Italy for example, the law allows bread to be sold in butcheries and fishmongers, provided that the shop complies with the relevant health and safety regulations. These may include, for instance, the requirement for a separate work area where bread is handled. In the event that it is not possible to set up a separate work area, an area for the exclusive handling of bread should be identified at the main counter. The provisions for the sale of pre-wrapped bread are less strict and require a separate shelf only. <i>Reference: article 25, decreto legislativo 114/1998</i> Consequently, this restriction limits the number of suppliers and hence limits competition and discourages new multi-food or other businesses to operate in this market and provide better services.	Abolish restrictions and exceptions; ensure that food safety complies with sanitary regulations. Furthermore, allow bread to be sold in non-food stores.	
15	L. 3526/2007 "Bread and bakery products"	Art. 4 par. 3	Bakeries	Bakeries that have stopped operations for more than one year , should apply for a new licence. Similarly, points of sale of bread should apply for a new licence if they have stopped continuous operations for six months .	Bakeries	This provision is possibly setting a shorter timeframe for reoperating a "bread selling point", because of the less complex equipment and procedures required for its operation compared to a bakery.	No impact. It is justified for practical reasons and proportionality.	No recommendation for change.	
16	L. 3526/2007 "Bread and bakery products"	Art. 5 par. 1	Bakeries	Bake-off restrictions requirement for separate spaces. Bake-off installation (part of the production process can be completed at the point of sale) in a supermarket must be separated from the store with a permanent structure (vague, usually interpreted as a wall!). Bake-off installations are not allowed in an apartment or basement. With the amendment set by L.4152/2013, the existing constraints are lifted (permanent spacer) and it is foreseen that a bakery can be established in all food and beverage stores with the exception of specific constraints, which aim at the protection of consumers. (recital of L.4152/2013).	Bakeries	The official recital of the Law 4152/2012 mentions that due to the development of new methods for ensuring safety (ISO, HACCP, etc.) the regulations regarding simple processing activities leading to difficulties in operation (i.e. bake-off) are being lifted.	There is no a specific harm. The new regulation, provided that it is implemented correctly, does not impose restrictions to competition.	No recommendation for change.	
17	L. 3526/2007 "Bread and bakery products"	Art. 7	Bakeries	Traditional bakeries can be in villages with a population of less than 200 inhabitants and can be granted permission from the Ministry of Development for from EUR 4,000 to 6,000.	Bakeries	This provision has been possibly set to provide motives for those who want to invest in small places with few inhabitants, in order to support employment and contribute to the development of such places with few professional opportunities.	No impact. No Ministerial Decree issued since 2007. It is proportional in order to create the motives for investments in traditional activities in small cities/villages for cultural and historical reasons.	No recommendation for change.	

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18	MD 131/3/1780/1974 "Establishing levy for the Bakers' supplementary insurance fund, determination of collection, etc"	Art. 1 - 2	Bakeries	Bakers are obliged to pay a levy of EUR 0.016 per kg of flour they buy. Φ.20134/6015/287 (ΦΕΚ Β' 526/12.04.2007); the amount rises to EUR 0.40 per 25 kg of oats.	Bakeries	This provision aims at the financial support of the bakeries as a social security organisation, in order to ensure health and social benefits and a pension income.	<p>It raises the cost for stores that sell bread (buying flour) but are not bakeries and cannot enjoy this particular benefit from their contribution to the fund. Bread depot chains that also produce bread and other products (e.g. sweets) pay for all the purchased flour but in a non-contributive way (they do not take the relevant pension from the bakeries fund since they operate as a firm).</p> <p>Additionally this provision creates differential treatment of domestic mills that are obliged to calculate this levy on the price of the flour and in competition with mills from abroad from which businesses buy directly. In this sense, this levy may increase the price of the final product.</p>	Abolish the levy in general and determine that bakers have to pay their contribution directly to their pension fund.
19	MD 7/2009 "Market Regulations"	91	Manufacture of grain mill products, starches and starch products	Only semolina or whole wheat flour from hard wheat may be used in the production of pasta destined for the Greek market. Exceptions can be made for exported pasta products only.	Bakeries	It was not possible to identify the objective; old provision; in the new draft MD (draft market regulations) this provision is not included.	Obsolete.	Explicitly repeal the provision.
20	MD 1100/1987 "Code of Foodstuffs and Beverages"	10 par 3 to 13	Framework legislation	Prohibits advertising of a particular ingredient or nutrient (i.e. claims of nutrients that are natural and derive from the Code, cannot be advertised).	Code of Foodstuffs and Beverages	This provision is now covered by EU legislation and is obsolete.	This provision is now covered by EU legislation and is obsolete.	Explicitly repeal the provision.
21	MD 1100/1987 "Code of Foodstuffs and Beverages"	108 par 2	Framework legislation	The production of products, similar to semolina, derived from the grinding of other cereals, except wheat, is prohibited.	Code of Foodstuffs and Beverages	It is not in force in practice.	Obsolete.	Explicitly repeal the provision.
22	MD 1100/1987 "Code of Foodstuffs and Beverages"	111 par 12	Framework legislation	Percentage of salt used in the production of bread must not be higher than 1.5%.	Code of Foodstuffs and Beverages	Salt reduction; this is the official view of the Greek Government in the discussion that is held in the EU salt reduction framework. http://ec.europa.eu/health/nutrition_physical_activity/docs/salt_report1_en.pdf ; it is not regulated in EU level.	No harm; it is a horizontal provision for all bread products; proportionate to the intended purpose (better health, salt reduction).	No recommendation for change.
23	MD 1100/1987 "Code of Foodstuffs and Beverages"	111 par 7	Framework legislation	The use of hops (λυκίσκος) in the manufacture of bread is prohibited.	Code of Foodstuffs and Beverages	No official purpose; it should be noted that the Bakeries Law 3526/2007 determines that the bread is prepared from any kind of cereal and hops is not a cereal; it is not possible to identify the objective of this prohibition that may derive from technical (food) issues. It does not seem to serve any health or safety purpose; old provision.	<p>There is no harm to competition but should be abolished due to the fact that the reason for this provision cannot be justified by the competent authorities; obsolete.</p>	Explicitly repeal the provision.
24	MD 1100/1987 "Code of Foodstuffs and Beverages"	12 par 11 (see also 19 par. 5-6)	Framework legislation	Sampling that is being carried out in various institutions (hospitals, schools, etc.) must be supervised by a chemist and in case of absence by a doctor or a veterinarian. [NO PROVISION FOR FOOD SCIENTISTS]	Code of Foodstuffs and Beverages	For the control of the procedure.	There is no harm since this provision refers to chemists from Control Authorities (no cost for businesses).	No recommendation for change.
25	MD 1100/1987 "Code of Foodstuffs and Beverages"	122 par 3	Framework legislation	If using olive oil in canned vegetables, acidity may not be in excess of 1.5% oleic acid.	Code of Foodstuffs and Beverages	No official recital; further to our communication with the Hellenic Food Authority (EFET) and the General Chemistry State Laboratory (GCSL) it is not possible to identify the objective; possibly it is an old provision before the determination of the standards for olive oil.	Obsolete.	Explicitly repeal the provision.
26	MD 1100/1987 "Code of Foodstuffs and Beverages"	132 throughout	Framework legislation	Regarding the production of marmalades, certain criteria regarding pulps are set, which differ between types of marmalades. The quantity of pulp in 1 000 gr of the final product should be 350 gr in general and 250, 150, 160, 60 according to the specific fruit.	Code of Foodstuffs and Beverages	No official recital. In line with EU 2001/113 for marmalades (establishes a common market in these specific products).	In line with EU 2001/113.	No recommendation for change.
27	MD 1100/1987 "Code of Foodstuffs and Beverages"	19 par. 5 and 6	Framework legislation	When appealing against a decision by the General Chemistry State Laboratory (GCSL) only a chemist may represent a firm.	Code of Foodstuffs and Beverages	No official recital; For technical reasons; knowledge of the chemist in this specific area.	<p>The exclusive representation of a firm by a chemist may lead to additional costs for firms; firms are forced to employ or contract a chemist to appeal the sampling.</p> <p>Other professions (e.g. food technicians) or other employees of a firm, who have the scientific background or the relevant experience, can represent a firm during an appeal process.</p>	<p>Abolish the restriction that only a chemist can represent a firm in the appeal procedure and:</p> <p>Option 1: Allow other professions related to the food science to represent a firm.</p> <p>Option 2: If the matter is highly technical a firm might want to be represented by a scientist. However, it should be up to the firm to decide its level of representation in all cases (a firm can be represented by an employee who handles the case, a lawyer or another).</p>
28	MD 1100/1987 "Code of Foodstuffs and Beverages"	3 par. 5	Framework legislation	Cannot alter food products, even with harmless additions without the state's agreement (ΕΟΦ or ΑΧΣ or ΚΕΣΥ depending on the case).	Code of Foodstuffs and Beverages	It is not in force - obsolete; EU Regulation 178/2002 applies which determines the responsibility of the producer.	Obsolete.	Explicitly repeal the provision.

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29	MD 1100/1987 "Code of Foodstuffs and Beverages"	38 par 8 & 10a,b	Framework legislation	Cannot store salt together with other food products.	Code of Foodstuffs and Beverages	No official recital; further to our communication with EFET and GCSL it is not possible to identify the objective; possibly (from our point of view) it is an old provision in order to promote the quality of food in general.	Obsolete.	Explicitly repeal the provision.
30	MD 1100/1987 "Code of Foodstuffs and Beverages"	41 par 11	Framework legislation	Selling mayonnaise in bulk quantities is prohibited.	Code of Foodstuffs and Beverages	No official recital; further to our communication with EFET and GCSL, it is not possible to identify the objective; possibly (from our point of view) for quality of the product.	Obsolete. In general the prohibition of selling in bulk, when this is not for health and safety reasons or is not derived from EU standards may affect the variety of the products and therefore, limit consumer choice, especially if there is no obvious reasoning on health and safety issues.	Explicitly repeal the provision.
31	MD 1100/1987 "Code of Foodstuffs and Beverages"	43 par 1	Framework legislation	Prohibition of imports of light pepper, Pin Head Pepper and Long Pepper.	Code of Foodstuffs and Beverages	No official recital. This provision deals with <u>product adulteration</u> . Should emphasise that art. 43 is, in general, a very old provision (1972).	Obsolete.	Explicitly repeal the provision; EU Regulations 669/2009 and 258/1997 apply.
32	MD 1100/1987 "Code of Foodstuffs and Beverages"	43 par 3	Framework legislation	Every substitute of pepper is prohibited.	Code of Foodstuffs and Beverages	No official recital. This provision deals with <u>product adulteration</u> . Should emphasise that art. 43 is, in general, a very old provision (1972).	Obsolete.	Explicitly repeal the provision.
33	MD 1100/1987 "Code of Foodstuffs and Beverages"	43 par 4	Framework legislation	Maximum pack of red pepper (paprika) allowed is 1kg.	Code of Foodstuffs and Beverages	No official recital; further to our communication with EFET and GCSL it is not possible to identify the objective;	Obsolete. In general, the prohibition of setting a maximum size of package may affect the variety of products and, therefore, limit consumer choice, especially if there is no obvious reasoning on health and safety issues.	Explicitly repeal the provision.
34	MD 1100/1987 "Code of Foodstuffs and Beverages"	43 par 6	Framework legislation	Prohibition of importing and mixing cloves of the Radja king size type.	Code of Foodstuffs and Beverages	No official recital; it is not possible to identify the objective.	Obsolete.	Explicitly repeal the provision.
35	MD 1100/1987 "Code of Foodstuffs and Beverages"	5 par 1 & 5 par 3e	Framework legislation	Foods requiring approval (by signature of a certified chemist or other scientist with the ability of performing chemical or biological testing) - only accredited organisations are accepted.	Code of Foodstuffs and Beverages	No official recital; it is not in force in practice; the general provisions of the Code are currently under review by GCSL.	In line with EU Regulations (GCSL).	No recommendation for change
36	MD 1100/1987 "Code of Foodstuffs and Beverages"	52 par 3 & par 5	Framework legislation	Maximum pack for coffee substitutes allowed is 500 gr - bulk packaging is prohibited.	Code of Foodstuffs and Beverages	No official recital; it is not in force/inactive in practice; old provision before 1972	Obsolete. In general, the prohibition of setting a maximum package may affect the variety of the products and, therefore, limit consumer choice, especially if there is no obvious reasoning on health and safety issues.	Explicitly repeal the provision
37	MD 1100/1987 "Code of Foodstuffs and Beverages"	6 par 4	Framework legislation	Cannot advertise food products using the term "dietary".	Code of Foodstuffs and Beverages	No official recital; to prevent misleading the consumer (EOF competence); Note that it is in line with EU 2009/39 EC (copy of art. 2 par. 2).	No harm; it is in line with EU 2009/39.	No recommendation for change.
38	MD 1100/1987 "Code of Foodstuffs and Beverages"	70 par 8	Framework legislation	Edible fats may only be distributed from retail stores and not by sellers in flea markets.	Code of Foodstuffs and Beverages	No official recital; probably for food safety reasons. GCSL mentions that this provision is derived from the Market regulations (current legislation); in the draft version this restriction has not been included. However, it remains in the framework Presidential Decree for stall markets (PD 51/2006) .	The provision is obsolete since it is superseded by other pieces of legislation. This restriction limits the ability of the producers, operating in street markets, to sell these particular products. Food safety can be protected by the horizontal legislation of EU regulations and sanitary regulations as well.	Explicitly repeal the provision
39	MD 1100/1987 "Code of Foodstuffs and Beverages"	71 par 5	Framework legislation	Only 3 types of olive oil are allowed.	Code of Foodstuffs and Beverages	In line with the previous EU Regulation 1019/2002 and JMD 323902/2009; GCSL mentions that art. 70-73 are under an amendment procedure and a draft text is currently being developed so as to be updated and submitted for discussion with other competent authorities.	No harm; in line with EU Regulation; update according to the new EU Regulation 29/2012.	No recommendation for change.
40	MD 1100/1987 "Code of Foodstuffs and Beverages"	72 par 6	Framework legislation	Only 3 types of olive pomace oil (πυρηνέλαιο) are allowed	Code of Foodstuffs and Beverages	In line with the previous EU Regulation 1019/2002 and JMD 323902/2009; GCSL mentions that art. 70-73 are under an amendment procedure and a draft text is currently being developed so as to be updated and submitted for discussion with other competent authorities.	No harm; in line with EU Regulation; update according to the new EU Regulation 29/2012.	No recommendation for change.
41	MD 1100/1987 "Code of Foodstuffs and Beverages"	74 par 3	Framework legislation	Imports of fish oils need to be approved by the ΓΧΚ.	Code of Foodstuffs and Beverages	No official recital; it is inactive in practise; old provision before 1972 (GCSL archives). Not in force - GCSL is no longer competent (MoRural).	Obsolete.	Explicitly repeal the provision

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42	MD 1100/1987 "Code of Foodstuffs and Beverages"	77 par 11	Framework legislation	Restrictions on packing edible fats.	Code of Foodstuffs and Beverages	No official recital; probably for food safety reasons; covered by EU Regulations 1935/2005. it is inactive in practise; old provision before 1972 (GCSL archives).	No harm; obsolete.	Explicitly repeal the provision
43	MD 1100/1987 "Code of Foodstuffs and Beverages"	8 par 5	Framework legislation	Labelling food products with the NHS - National Hellenic Standard only after decision of Minister of Industry.	Code of Foodstuffs and Beverages	No official recital; not in force, there is no NHS; the general provisions of the Code are currently under review from GCSL.	Obsolete.	Explicitly repeal the provision
44	MD 1100/1987 "Code of Foodstuffs and Beverages"	80 par 3	Framework legislation	Only mixed milk that is allowed is 50% goat - 50% sheep.	Code of Foodstuffs and Beverages	No official recital; Further to our communication with EFET, GCSL and MoRural and Food, it is difficult to identify the objective of this provision. There is a possibility that this provision derives from past decades, when primarily goat and sheep milk was consumed, in order to determine the optimum mixture.	Obsolete; limits the variety of products available to consumers.	Explicitly repeal the provision. The horizontal provision for adulteration may apply as well.
45	MD 1100/1987 "Code of Foodstuffs and Beverages"	82 par 1	Framework legislation	Minimum fat is set but not minimum protein levels. The only mix available is half dairy milk and half sheep or buffalo milk. Finally, skimmed milk may only be produced from sheep's or cow's milk; yoghurt cannot be produced from milk powder.	Code of Foodstuffs and Beverages	No official recital; the aim is to define "yoghurt" in the Greek market and to distinguish it from similar products that contain sugar, milk protein, fruit, etc.	Following the examination of the yoghurt definition, set out in this article, we conclude that it is quite narrow. This definition affects the variety of products and therefore consumer choice. Other technical methods that are commonly used (e.g. use of protein milk as an additive) cannot be used. If a producer changes the specific recipe for yoghurt, he can only name it a "dessert of yoghurt". This latter label may decrease the nutritional value of the product in the perception of the consumer. Furthermore, other types of milk cannot be used (e.g. milk powder). Finally, the prohibition of mixtures of milk also affects the variety of products. However, it should be taken into account, that Greece has a competitive advantage in this specific product, so-called "Greek style yoghurt" that is exported abroad. From this point of view, the balance of enhancing competition in relation to the promotion of Greek style produce is quite delicate. Note that there is no Protected Designation of Origin (PDO) for Greek yoghurt. Finally, traditional Greek yoghurt is another type of product, with this particular definition regulated in another piece of legislation (Market Regulations).	As a general comment, the Code of Foodstuffs and Beverages and its legislative structure should be modified into a Code of Best Practices with relaxed definitions or with a possibility of periodical review. In the preparation process of this Code, preferably between the competent authority and the main stakeholders, discussions and assessment should take place on yoghurt products as well, such as: a) including any type of milk (e.g. pasteurised, etc.) for the production of yoghurt and b) including new technologies and production methods (e.g. allowing milk protein to be used, provided maximum levels are set). Furthermore, the competitive advantage of Greece and its intense presence abroad in this particular market of Greek-style yoghurt can be reflected in this new instrument.
46	MD 1100/1987 "Code of Foodstuffs and Beverages"	83 par Γ 3.1	Framework legislation	Restriction on countries of origin in a mixed plate of cheese (retail).	Code of Foodstuffs and Beverages	No official recital; too old provision in order to protect from misleading practices. In practise, there is no need for such a provision (and is not in force) due to the EU Directive 2000/13 for food labelling and the primacy of EU law. GCSL mentions that in the total review of the Code of Foodstuffs and Beverages that takes place, this provision is not included.	Obsolete; primacy of EU law.	Explicitly repeal the provision.
47	MD 1100/1987 "Code of Foodstuffs and Beverages"	83 par Γ 4	Framework legislation	Restrictions on labelling of traditional or non-traditional cheese.	Code of Foodstuffs and Beverages	No official recital; provision too old to protect consumers from misleading practices. PDO rules apply; GCSL mentions that in the total review of the Code of Foodstuffs and Beverages that takes place, this provision is not included.	Obsolete; primacy of EU law (PDO rules).	Explicitly repeal the provision.
48	MD 1100/1987 "Code of Foodstuffs and Beverages"	84 par 1	Framework legislation	Pudding (rizogalo) is only made from fresh, pasteurised or non-pasteurised milk - of at least 3% fat content. It cannot be made from any other type of milk, e.g. milk powder, condensed milk, and without any addition of water.	Code of Foodstuffs and Beverages	No official recital; probably because this particular product is traditionally established in the market and in consumer perceptions as a full fat (and traditional) product. GCSL mentions that art. 84 is under an amendment procedure especially regarding fat content.	The definition of "pudding" (rizogalo) appears to be quite narrow, given that nutritional habits and production technology have evolved and low fat milk or new production processes using other types of milk may be used as well. In fact, there are products supplied in the market currently using low fat milk which could be characterised, by the letter of this extremely outdated law, as illegal. This definition affects the variety of products, thus limiting the choice of the consumer while, on the other hand, it creates uncertainty for the suppliers which in turn may potentially harm investments in the dairy market.	Option 1. Broader definition (types of milk, fat, etc.) with more flexibility. Option 2: Introduce a label that indicates the "original recipe" when the product meets the narrow definition but let other products be called rizogalo even if they do not follow the determined definition (e.g. produced with low fat milk).

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
49	MD 1100/1987 "Code of Foodstuffs and Beverages"	84 par 2	Framework legislation	Dessert cream. Same case as with puddings with the limit on milk fat of at least 4%.	Code of Foodstuffs and Beverages	No official recital; probably because this particular product is traditionally established in the market and in consumer perceptions as a full fat (and traditional) product. GCSL mentions that art. 84 is under an amendment procedure especially regarding fat content.	The definition of "cream" appears to be quite narrow, given that nutritional habits and production technology have evolved and low fat milk or new production processes using other types of milk may be used as well. In fact, there are products supplied in the market currently using low fat milk which could be characterised, by the letter of this extremely outdated law, as illegal. This definition affects the variety of products, thus limiting the choice of the consumer while, on the other hand, it creates uncertainty for the suppliers which in turn may potentially harm investments in the dairy market.	Option 1. Broader definition (types of milk, fat, etc.) with more flexibility. Option 2: Introduce a label that indicates the "original recipe" when the product meets the narrow definition but let other products be called cream even if they do not follow the determined definition (e.g. produced with low fat milk).	
50	MD 1100/1987 "Code of Foodstuffs and Beverages"	85 par 5	Framework legislation	Cannot use skimmed milk in the production of cream and puddings.	Code of Foodstuffs and Beverages	No official recital; probably because this particular product is traditionally established in the market and in consumer perceptions as a full fat (and traditional) product.	This restriction affects the variety of products and consequently limits the choice of the consumer. This restriction must be seen together with those that restrict the definitions of "cream" and "pudding". Technological development has allowed skimmed or semi-skimmed milk to be used in the production of "cream" and "pudding" in many other countries in the EU and the rest of the world due to a large demand for low fat products.	See above, rows 48-49.	
51	MD 1100/1987 "Code of Foodstuffs and Beverages"	11 par. 2c	Framework legislation	The indication "no colorants"/"no preservatives" is allowed only if the claim is real.	Code of Foodstuffs and Beverages	No official recital; it is probably to prevent misleading malpractices.	No direct effect on competition. However, EU legislation applies with general rules for claims on food. The provision is obsolete and derives from past decades where general principles did not apply. Obsolete provision in these cases may lead to uncertainties and misinterpretation by businesses and should therefore be explicitly repealed.	Explicitly repeal the provision.	
52	MD 1100/1987 "Code of Foodstuffs and Beverages"	41 par. 9	Framework legislation	Mayonnaise cannot be produced with less than 60% oil. If there is no indication of the kind of oil used, it is considered that the product contains olive oil.	Code of Foodstuffs and Beverages	No official recital; most probably to ensure the quality of the product and prevent misleading malpractices.	No direct effect on competition. However, the provision seems obsolete due to the fact that low fat products are already placed in the market according to consumer demand. Obsolete provision in these cases may lead to uncertainties and misinterpretation by businesses and should therefore be explicitly repealed.	Explicitly repeal the provision.	
53	MD 1100/1987 "Code of Foodstuffs and Beverages"	80 par. 16	Framework legislation	Subparagraph e I, II), obliges labelling of 5mm (I) and indication of the percentage of cocoa content (II).	Code of Foodstuffs and Beverages	No official recital; it is probably to prevent misleading malpractices.	No direct effect on competition. However, EU legislation applies with general rules for food labelling. The provision is obsolete and derives from previous decades where general principles did not apply. Obsolete provision in these cases may lead to uncertainties and misinterpretation by businesses and should therefore be explicitly repealed.	Explicitly repeal the provision.	
54	L. 248/1914 "Pasteurised milk and other issues"	Art. 21	Manufacture of dairy products	The article gives the power to the Minister to oblige a factory to produce only pasteurised milk when there is no other factory in the region.	Dairy industry	No official recital; probably to ensure adequate supply of milk, possibly at a time when transportation across regions was more difficult and more expensive.	The provision grants discretionary powers that result in regulatory uncertainty for suppliers. If applied, the provision is likely to distort competition as it constrains the product mix of specific suppliers and consequently their costs.	Abolish. The horizontal provision for requisition in urgent cases may apply as well.	
55	Law 3698/2008 "Livestock, Veterinaries, Veterinary drugs, etc"	13	Controls and fees	Special levy for Organisation of Milk and Meat (previous ELOGAK currently ELGO Dimitra) - different treatment of producers and importers (under particular conditions).	Dairy industry	ELOGAK provides its services to the dairy industry. Its funding, among other sources, from levies imposed on the industry appears in line with international experience with independent authorities.	The fee is due both on locally produced and on imported raw material. After the amendment of the Law 4186/2013 (A 193) local producers and importers pay the same amount (compared to the previous system where the levy was higher for importers). Given the recent amendment, there is no discrimination among producers and hence the regulation is proportionate.	No recommendation for change.	
56	Law 3698/2008 "Livestock, Veterinaries, Veterinary drugs, etc"	12 par 3	Controls and fees	Special levy for ELOGAK: on the value of PDO cheese per kg to all local producers.	Dairy industry	It is our understanding that this levy is due by PDO producers in order to fund ELOGAK's activity of marketing and communication relative to PDO cheese.	The fee is due for all local producers and, thus, it does not affect competitive conditions of the PDO cheese market.	No recommendation for change.	
57	MD 278186/2002 "Protection of the name of milk and dairy products"	Art. 4	Manufacture of dairy products	This provision does not allow industries to produce non-dairy products if they have been financed to produce dairy products.	Dairy industry	No official recital. The provision appears to restrict the activities of a company that has benefited from state aid specifically for dairy products. The objective is presumably to prevent the use of state aid funds to distort competition in other markets.	Proportionality, assuming that the funding of dairy products complies with state aid rules.	No recommendation for change.	
58	MD 278186/2002 "Protection of the name of milk and dairy products"	Article single	Manufacture of dairy products	Amends the previous Ministerial Decision (MD) determining that it (production of non-dairy by industries) is prohibited but only for the period that financial aid is given.	Dairy industry	No official recital. The provision appears to restrict the activities of a company that has benefited from state aid specifically for dairy products. The objective is presumably to prevent the use of state aid funds from distorting competition in other markets.	Proportionality, assuming that the funding of dairy products complies with state aid rules.	No recommendation for change.	

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
59	MD 3129000/2009 "Determination of the payment process and collection of the levy on milk and milk products coming from countries of the European Union or third countries under Article 13 § 3 of Law 3698/2008"	Art. 1	Manufacture of dairy products	Determines the procedure for collecting the levy on milk deriving from EU Countries or third countries. Milk in retail packages, for direct consumption is excluded.	Dairy industry	No official recital; it is the description of the procedure.	No harm to competition specifically from the procedure for collecting the levy. (For the harm resulting from the levy see above).	No recommendation for change.
60	MD 341263/2008 "Special levy for EL.O.G.A.K. of 0.75% on the price of milk"	Art. 3	Manufacture of dairy products	Buyers of cow milk should obtain approval from ELOGAK before buying any quantity of milk. Buyers of goat/sheep milk can obtain this approval just once.	Dairy industry	No official recital. It is our understanding that the different procedure for cow milk and goat/sheep milk is driven by the system of quotas regulating cow milk at EU level under the Common Agricultural Policy.	No harm to competition but the provision is unclear and could therefore lead to legal uncertainty.	The text of the provision should be made clearer.
61	PD 113/1999 "Veterinary and Hygiene check of milk"	Art. 6	Manufacture of dairy products	Determines that the shelf life of pasteurised (fresh) milk cannot exceed 5 days.	Dairy industry	The objective of the PD is to update the legislation to bring it into line with scientific and technological developments in favour of public health.	The provision shields the market from imports, leads to high retail prices (that have increased during the crisis), creates an inefficient and costly system of returns and results in a lack of consumer choice. Moreover, most remote areas do not have access to 'fresh' milk and small producers in the north cannot reach big urban markets.	Abolish maximum duration (i.e. delete maximum days) and require a clear indication of shelf life.
62	PD 113/1999 "Veterinary and Hygiene check of milk"	Art. 6	Manufacture of dairy products	Determines a certain methodology for pasteurisation.	Dairy industry	The objective of the PD is to update the legislation to bring it into line with scientific and technological developments in favour of public health.	The provision restricts innovation and leads to inefficiency, as it constrains suppliers' ability to choose their preferred production technology.	Harmonisation with EU legislation.
63	Draft Market Regulations	Art. 34	Framework legislation	Obligation for health-mark and stamps of origin.	Meat industry	No official recital; as regards the health marking, food business operators shall not place on the market a product of animal origin handled in an approved establishment unless it has a health mark applied in accordance with Regulation 854/2004 (Chapter III health-marking); stamp of origin for traceability reasons.	In accordance with Regulation 854/2004; stamps of origin that are above EU requirements are proportionate to the intended purpose which is to ensure the traceability of products.	No recommendation for change.
64	Draft Market Regulations	Art. 45	Framework legislation	Charcuteries and canning enterprises which procure frozen beef and buffalo meat under a special regime (from intervention or special tariff quota imports) are prohibited from selling said products to any third party.	Meat industry	No official recital; this provision derives from the EU legal framework for tariff quotas of beef from third countries. EU Regulation 412/2008 determines that frozen imported meat must be processed only in the claimed industry within 3 months (there is a grant in favour of these industries).	No harm; in accordance with Regulation 412/2008.	No recommendation for change.
65	Draft MD "National rules in the sector of food of animal origin"	Art. 6	Processing and preserving of meat and production of meat products	Registration is needed for the operation of producers that sell small quantities. This is the implementation of the exception that EU Regulation 853/2004 gives to the Member States.	Meat industry	There is no official recital; for monitoring reasons in order to control if these operations the exemption of the national and EU legislation can be obtained.	In general this exemption is acceptable and justified by EU legislation. The only technical problem derived from this provision is the determination of small quantities that is not justified or proportionate. The lack of proportionality may limit certain suppliers from providing their products and create barrier to entry. Finally, the provision leaves room for uncertainty.	We recommend reviewing the definition of small quantities and better explaining its rationale.
66	Draft PD "Adoption of the minimum requirements for low capacity slaughterhouses, which are located in areas that are subject to special geographical constraints"	Art. 1, 3, 4	Processing and preserving of meat and production of meat products	A licence is needed for operation and there are geographical constraints (Ionian and Aegean islands). Exception derived from EU Regulation 853/2004 for incentives in small areas.	Meat industry	There is no official recital; for monitoring reasons in order to control if these operations are correctly exempted from EU Regulation 853/2004 rules.	In line with EU Regulation 853/2004.	No recommendation for change.
67	Joint Ministerial Decision 15523/2006 "Control and Procedure for FOOD undertakings"	Art. 4-8	Processing and preserving of meat and production of meat products	Licence, registration and approval number are needed for operation of establishment for production of food of animal origin.	Meat industry	A licence is needed in order to ensure that all requirements are met.	No direct effects on competition, only indirect ones. Multiplication of licences per activity, if disproportionate to the public goal it serves, may be an entry barrier in cases where potential investors may be discouraged. This is especially the case when the licensing of an activity may cause significant burden to the businesses when extra capital and labour must be assigned to the task.	No recommendation for change.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
68	L. 111/1975 "Establishing slaughterhouses and poultry abattoirs"	Art. 2	Processing and preserving of meat and production of meat products	Licence of feasibility is needed for the operation of slaughterhouses for red meat or poultry. This licence is issued by a) the Head of the Region in case of slaughterhouses of a total production of 800 tonnes for meat per year and 1 000 poultry per hour for local consumption and b) the Minister of Rural Development for more than the above-mentioned production.	Meat industry	The Ministry drafts an amendment in order to consolidate the licence of feasibility with the licence of operation. The licence of feasibility is issued for urban planning reasons in order to ensure environmental protection and public health.	No direct effects on competition, only indirect ones. Multiplication of licences per activity, if disproportionate to the public goal it serves, may be an entry barrier in cases where potential investors may be discouraged. This is especially the case when the licensing of an activity may cause significant burden to the businesses when extra capital and labour must be assigned to the task.	No recommendation for change.	
69	L. 4056/2012 "Livestock Systems"	Article 5 par. 10	Processing and preserving of meat and production of meat products	It is permitted to establish and operate businesses of processing animal products, such as cheese and pork within or next to livestock facilities, only for products of livestock production. These businesses should operate under the same livestock facility operator and cannot be transferred to another body. Additionally, the provision refers to the minimum distances between livestock operations and regional areas.	Meat industry	There is no objective in the official recital of the Law 4056/2012. However this provision already existed in a previous Sanitary Regulation (MD Yiβ/2000/1995) in which it is explicitly mentioned that the purpose of this more favourable provision is the implementation of a programme of vertical integration for the production and processing of meat and poultry. This exception refers to the general principle of minimum distances between livestock industries and hotels, residential areas, stores of health interest etc., for public health reasons.	This provision is proportionate to the intended purpose (vertical integration of livestock operations); secondly, the policy maker by setting the "safeguard", of the same operator that can sell, strengthens even more the argument of the proportionality of this particular exception. HCC mentions the same; it is noteworthy that HCC approved the minimum distances as proportionate to the intended purpose and justified by health and safety reasons.	No recommendation for change.	
70	L. 4056/2012 "Livestock Systems"	Article 5 par. 11	Processing and preserving of meat and production of meat products	Livestock operators can sell their own dairy products in street markets according to street market legislation.	Meat industry	There is no objective in the official recital of the Law 4056/2012. It is probably for vertical integration purposes (a producer can sell his own product). This provision is inactive in practice since the framework Law 23323/1995 and PD 51/2006 does not allow meat to be sold in stall markets.	This provision does not create harm to competition per se. On the contrary, its inactivity due to the general prohibition of the Framework Law and Presidential Decree, limits the ability of certain suppliers to provide a product and thus enhanced competition. Examination in relation to the Law 2323/1995 and PD 51/2006 (Retail trade sector).	No recommendation for change.	
71	Law 3698/2008 "Livestock, Veterinaries, Veterinary drugs, etc"	11 par 4	Controls and fees	Gives the authority to ELOGAK to supply grants to particular livestock farmers in cases of emergency or in periods of crisis for buying animal feed.	Meat industry	The official recital mentions that this provision is to cover the needs of farmers.	Providing grants (compensation) only to a particular group of farmers (local producers) when ELOGAK's funds are raised by all market participants (local producers and importers) is clearly a discriminating market regulation that provides undue advantages to some suppliers over others and significantly distorts the competitive positioning among market participants; discriminates against market players. However, with the recent amendment of the Law 4186/2013 (A'193) this regulation has been abolished. Therefore, there is no such discrimination and the regulation is proportionate to the intended purpose.	No recommendation for change.	
72	Law 3698/2008 "Livestock, Veterinaries, Veterinary drugs, etc"	12 par 1	Controls and fees	Special Levy for ELOGAK: 0.2% on the value of all types of meat per kg to all local producers and importers.	Meat industry	The official recital mentions that this levy is crucial in order to cover the operational need of ELOGAK due to the new competence of controlling meat balances. Meat balance (record of purchase-sale) competence was introduced (by the same Law) in order to protect the consumer from false labelling of the origin of meat. It is important that the Law also introduced additional competencies to ELOGAK, one of them being the decision of the Board of Directors (BoD) of ELOGAK to provide subsidies to farmers in cases of emergency or periods of crisis. The official recital mentions that this provision is to cover the needs of farmers.	The fee is due both on locally produced and on imported raw material. The previous legal framework provided subsidies (from ELOGAK income) to local farmers of animal feed. With this provision, only local producers benefit from the services provided by ELOGAK. With the recent amendment of the Law 4186/2013 (A'193) the Law abolished this preferential regulation. Therefore, the current legal framework regarding the levy on meat is proportionate to the intended purpose and does not create discrimination among producers.	No recommendation for change.	
73	Law 4056/2012 "Livestock Systems"	Art. 4-8	Processing and preserving of meat and production of meat products	A licence is needed for livestock installations; minimum distances between livestock installations and residential areas, hotels, lakes, tourist and archaeological areas, etc.).	Meat industry	The general principle of the Law is to update and simplify the licensing procedure that already existed with the MD 83840/3591/1986 and Yiβ/2000/1995. The objective of the Law is to determine the licensing rules and procedure of the livestock installations for purposes of the public interest (i.e. public health, food safety, consumer health protection, environmental protection). Minimum distances are determined for public health and environmental protection reasons.	Livestock installations due to the sensitive character of this particular operation (i.e. animal handling, waste from operations, etc.) create a long-standing concern with respect to contamination of water resources, particularly in terms of nutrient pollution. Consequently this may lead to environmental pollution and therefore threatens public health. General terms concerning livestock licensing, such as minimum distances, are proportionate and essential for their intended purpose.	No recommendation for change.	

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
74	MD 306272/2008 "regulate issues concerning the operation preparing meat near by butcher shops"	art. 1	Processing and preserving of meat and production of meat products	A licence is needed for the operation of a workshop near a butcher in order to prepare traditional products (i.e. sausages, meat balls, etc.).	Meat industry	There is no official recital; for health and safety reasons in order to distinguish retail and processing operations. The licence is also needed in order to control that the determined equipment and hygiene requirements are fulfilled.	No direct effects on competition only indirect ones. Multiplication of licences per activity, if disproportionate to the public goal it serves, may be an entry barrier in cases where potential investors may be discouraged. Especially when the licensing of an activity may cause significant burden to the businesses when extra capital and labour must be assigned to the task.	No recommendation for change.	
75	MD 306272/2008 "regulate issues concerning the operation preparing meat near by butcher shops"	art. Single par.10	Processing and preserving of meat and production of meat products	These products may be sold directly to the final consumer only within this specific region.	Meat industry	This restriction (or exception) derives from the EU Regulation 853/2004 that allows retailers to produce products of animal origin and supply other local retailers in small quantities. Member states are allowed to regulate these exceptions (exceptions from the stricter licensing environment of the wholesale level).	In general this exemption is acceptable and justified by the EU legislation (EU Regulation 853/2004). The only technical problem derived from this provision is the determination of small quantities that is not justified or proportionate. The lack of proportionality may limit certain suppliers from providing their products.	No recommendation for change.	
76	MD 306272/2008 "regulate issues concerning the operation preparing meat near by butcher shops"	art. Single par.13	Processing and preserving of meat and production of meat products	With this MD, butchers can operate a workshop where they can prepare meat products (sausages, etc.) from the meat they sell. However, they cannot sell these products to other retailers (as a wholesaler does). It is only possible to sell to final consumers or HORECA (hotels and restaurants) and only up to 100 kg per day and 200 kg in the period of 10 days before and after Christmas and Easter.	Meat industry	This restriction (or exception) derives from the EU Regulation 853/2004 that allows retailers to produce products of animal origin and supply other local retailers in small quantities. Member states are allowed to regulate these exceptions (exceptions from the stricter licensing environment of the wholesale level). There is no rationale for the determination of small quantities (800 tonnes/year, 1 000 poultry/day).	In general this exemption is acceptable and justified by the EU legislation (EU Regulation 853/2004). However, there is a problem with the determination of small quantities that is not justified or proportionate. The lack of proportionality may limit certain suppliers from providing their products.	We recommend reviewing the definition of small quantities and better explaining its rationale	
77	MD 306272/2008 "regulate issues concerning the operation preparing meat near by butcher shops"	art. Single par.2	Processing and preserving of meat and production of meat products	Licence is needed for operation.	Meat industry	In order to ensure that the facilities and equipment meet the requirements of this MD (i.e. separation space, etc.).	No direct effects on competition only indirect ones. Multiplication of licences per activity, if disproportionate to the public goal it serves, may be an entry barrier in cases where potential investors may be discouraged. This is especially the case when the licensing of an activity may cause significant burden to the businesses when extra capital and labour must be assigned to the task.	No recommendation for change.	
78	MD 306272/2008 "regulate issues concerning the operation preparing meat near by butcher shops"	art. Single par.3	Processing and preserving of meat and production of meat products	Only licensed retailers can obtain a licence of a workshop of meat.	Meat industry	There is no official recital; for health and safety reasons in order to distinguish retail and processing operations. The licence is also needed in order to control that the determined equipment and hygiene requirements are fulfilled.	No direct effects on competition only indirect ones. Multiplication of licences per activity, if disproportionate to the public goal it serves, may be an entry barrier in cases where potential investors may be discouraged. This is especially the case when the licensing of an activity may cause significant burden to the businesses when extra capital and labour must be assigned to the task.	No recommendation for change.	
79	MD 306272/2008 "regulate issues concerning the operation preparing meat near by butcher shops"	art. Single par.5	Processing and preserving of meat and production of meat products	Between the two (retail store/workshop) a separation is needed with a possibility of a door installation. <i>May be implemented as a wall.</i>	Meat industry	No official recital; MoRural mentions that a separation is needed to prevent cross contamination between and during the operations.	This may be implemented as a wall, especially due to the possibility of a door between the two separate spaces. Consequently this may lead to additional cost for the operators and taking into account that butchers are usually small and medium sized stores, may discourage them from operating. A non-permanent separation would be sufficient, given that there are also horizontal pieces of legislation (e.g. sanitary regulations) with general principles such as that the operator/person responsible should ensure food hygiene.	Define it in a lighter way, i.e. separation, permanent or not.	
80	MD 306272/2008 "regulate issues concerning the operation preparing meat near by butcher shops"	art. Single par.7	Processing and preserving of meat and production of meat products	Butchers who have a workshop can only produce traditional preparations (in this workshop).	Meat industry	No official recital; MoRural mentions that it is in line with EU Regulation to enable the continued use of traditional methods.	In fact, EU Regulation refers to "enabling" the use of traditional methods and not to focus exclusively on them. Secondly, the EU Regulation enables the use of traditional methods and does not refer to traditional products. This restriction reduces the ability of the suppliers to provide certain products, reduces the variety of products and consequently affects consumer choice. There is no legal obligation derived from EU legislation to restrict the preparation/production of non-traditional products. The use of "etc." may also lead to legal uncertainty and may be perceived in different ways by Control Authorities.	Option 1: Determine products but indicate more categories in order to be more flexible Option 2: Allow all meat products to be produced. The policy maker should only focus on the promotion of traditional measures and not on the restriction of certain types of production.	
81	MD 412_8932_2012_(fek_149_B) "Control Greek market in connection with meat provenance - origin & observance monthly balance"	art. 6 par.5	Meat processing	The article provides that certain categories of professionals should have monthly balances (record purchase-sale) of meat regarding their operation. Par. 5 excludes from this obligation meat processing plants, cold meat (sausages, etc.) as well as units for the standardisation and production of meat and meat preparations, if they have processed less than 80 tonnes (previous year).	Meat industry	There is no official recital; traceability reasons.	This provision does not have a direct effect on competition; it is justified for traceability reasons and food safety. Most likely an administrative burden.	No recommendation for change.	

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
82	MD 412/8932/2012 "Control Greek market in connection with meat provenance - origin & observance monthly balance"	art. 10	Processing and preserving of meat and production of meat products	Special levy payable in favour of ELGO (Dimitra). The article determines who is obliged to pay: a) The first buyer (importer from EU/3rd country) b) the first buyer of meat slaughtered in Greece c) the producer who also trades the meat produced.	Meat industry	<p>The official recital mentions that this levy is crucial in order to cover the operational need of ELOGAK due to the new competence of controlling meat balances. Meat balance competence was introduced (by the same Law) in order to protect the consumer from false labelling of the origin of meat.</p> <p>It is important that the Law also introduced additional competences to ELOGAK, one of them being the decision of the BoD of ELOGAK to provide subsidies to farmers in case of emergency or periods of crisis. The official recital mentions that this provision is to cover the needs of farmers.</p>	<p>The fee is due both on locally produced and on imported raw material. The previous legal framework provided subsidies (from ELOGAK income) to local farmers for animal feed. With this provision, only local producers benefit from the services provided by ELOGAK. With the recent amendment of the Law 4186/2013 (A'193) the Law abolished this preferential regulation. Therefore, the current legal framework regarding the levy on meat is proportionate to the intended purpose and does not create discrimination among producers.</p>	No recommendation for change.
83	Ministerial Decision 255610/2010 "Disposal of small quantities of meat from poultry - rabbits from producers whose annual production does not exceed 10 000 poultry"	Art. 1, 2	Processing and preserving of meat and production of meat products	A licence is needed for operation and the maximum quantity of product is defined. Exception is derived from EU Regulation 853/2004. The article describes lighter provisions for small agri-poultry industry production when the exploitation does not exceed the amount of 10 000 poultry or lagomorphs or the amount of 30-40 day. For these, there is no need to meet the conditions and requirements of the provisions of the Presidential Decree 79/2007 for approved slaughterhouses neither of the veterinary inspection or the validity recognition.	Meat industry	<p>There is no official recital; the operation licence is needed if the facilities and equipment meet the requirements laid down in the this Decision.</p> <p>According to the Article1, paragraph (3), point (d) of the Regulation 853/2004, the direct supply, by the producer, of small quantities of meat from poultry and lagomorphs slaughtered on the farm to the final consumer or to local retail establishments directly supplying such meat to the final consumer, fall outside the scope of Regulation (EC) No 853/2004. Member States shall establish national rules to ensure the safety of such meat.</p> <p>There is no rationale for the determination of these specific quantities.</p> <p>Lack of clarity; lack of rationale; tends to lower efficiency.</p>	<p>This provision is in line with the exception of the EU Regulation 853/2004; The European Commission leaves the Member States to freely regulate small quantities according to their national production.</p> <p>However, the policy maker does not provide any justification for determining the small quantities as 10 000/poultry or lagomorphs per year or the amount of 30-40 per day.</p>	We recommend reviewing the definition of small quantities and better explaining its rationale.
84	PD 121/2006 "Terms and conditions for professional training of candidates to butchers and excoriates"	art. 1	Processing and preserving of meat and production of meat products	Professional certificate is needed for butchers.	Meat industry	(It is the amendment of PD 126/2000 see below).	(It is the amendment of PD 126/2000 see below).	No recommendation for change (It is the amendment of PD 126/2000 see below).
85	PD 126/2000 "Terms and conditions for professional training of candidates to butchers and excoriates"	art. 3 par. 10	Processing and preserving of meat and production of meat products	Registry of traditional butcheries. Every year a registry of traditional butcheries is created by the Association of Butcheries. Expenses are covered by professionals who want to obtain a certificate of traditional butcher.	Meat industry	No official recital; further to our co-operation with MoRural Development it was not possible to identify the objective of this provision. Probably for monitoring reasons.	It is proportionate in the sense that all recognised professions should be registered for control reasons.	No recommendation for change.
86	PD 126/2000 "Terms and conditions for professional training of candidates to butchers and excoriates"	art. 3 par. 2	Processing and preserving of meat and production of meat products	Owners, employees or other staff of meat workshops, working after 1988 or are willing to work in this profession, are obliged to obtain a certificate of meat processing capability.	Meat industry	No official recital; professional certificate is needed to ensure that the butchers have received adequate training in food hygiene; food safety and hygiene; protection of consumer health.	<p>This certificate is essential in order to operate as a butcher or a slaughterhouse. This certificate is - currently - issued by 4 professional schools (Athens, Thessaloniki, Larissa and Drama) or by other professional schools in the EU or a third country; these schools are public bodies of the MoRural Development and Food. We should also underscore that there is no cost for attending the lessons of a professional school. Given the small number of professional schools, to start, a candidate must wait for approximately 18 months after having applied. Recently, the Law 4152/2013 (par. E.11.1.), amended PD 126/2000 provided, for the first time, recognised private schools that can provide the same certificate. Within the EU, several other Member States have a similar framework in order to certify this particular profession of butcher (UK, France, Germany). Most of them are public or financed by the State. The intended purpose of the policy maker, which is that a butcher should have been qualified in order to operate in meat processing is superior and can be justified. It is reasonable that the person authorised to handle such a sensitive product as meat, should recognise and be aware of all the potential dangers that may occur during its processing in order to ensure the hygiene of the product and hence consumer health. Therefore, the provision is proportionate to the intended result. Furthermore, there is no additional cost or specific requirement to attend the school and thus there is no barrier to entering the market (profession). Finally, the recognised private schools could also attract candidates and consequently reduce the time of 18 months to start. (Currently: 2 public schools are closing, although private schools are ready to operate after the issuing of the relevant PD).</p>	No recommendation for change.

Sector: FOOD PROCESSING								
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87	PD 126/2000 "Terms and conditions for professional training of candidates to butchers and excoriates"	Art. 3, point 2	Processing and preserving of meat and production of meat products	Professional certificate is needed for butchers. (Same for supermarket butcheries).	Meat industry	No official recital; professional certificate is needed to ensure that the butchers have received adequate training in food hygiene; food safety and hygiene; protection of consumer health.	See above (no 83).	See above (no 86).
88	PD 211/2006 Additional measures of implementing regulation 1774/2002/EK about defining health rules concerning animal by-products not intended for consumption by humans	Art. 5-7	Processing and preserving of meat and production of meat products	A licence is needed for operation of animal by-products (ABPs) plants. ABPs that are not compatible for human consumption have to go through this process in order to be destroyed or re-used.	Meat industry	The licence is needed if the facilities and equipment meet the requirements laid down in the PD.	No direct effects on competition only indirect ones. Multiplication of licences per activity, if disproportionate to the public goal it serves, may be an entry barrier in cases where potential investors may be discouraged. This is especially the case when the licensing of an activity may cause significant burden to the businesses when extra capital and labour must be assigned to the task.	No recommendation for change.
89	PD 40/1977 "About veterinary inspection of slaughtered animals and animal products"	Art. 12	Processing and preserving of meat and production of meat products	A licence is needed for the transportation of products of animal origin.	Meat industry	The license is needed in order to ensure that all means of transportation meet the requirements laid down in the this PD.	No direct effects on competition only indirect ones. Multiplication of licences per activity, if disproportionate to the public goal it serves, may be an entry barrier in cases where potential investors may be discouraged. This is especially the case when the licensing of an activity may cause significant burden to the businesses when extra capital and labour must be assigned to the task.	No recommendation for change.
90	PD 455/1984 "Derogation from application of PD 1124/1991"	Art. 3	Processing and preserving of meat and production of meat products	Approval is need for establishments of meat products (Directive).	Meat industry	Approval is needed in order to ensure that the establishments meet the requirements laid down in the this PD.	No direct effects on competition only indirect ones. Multiplication of licences per activity, if disproportionate to the public goal it serves, may be an entry barrier in cases where potential investors may be discouraged. This is especially the case when the licensing of an activity may cause significant burden to the businesses when extra capital and labour must be assigned to the task.	No recommendation for change.
91	PD 79/2007 "Sanity of food of animal origin – Additional measures in certain regulations"	Art. 5-11	Processing and preserving of meat and production of meat products	Licence, registration and approval numbers are needed for operation of establishments of food of animal origin.	Meat industry	The operation license is given by the Head of the Region if the facilities and equipment meet the requirements laid down in the hygiene package. The approval number is issued by the Central Competent Authority. Establishments [except those carrying out only primary production, transport operations, the storage of products not requiring temperature controlled storage conditions or retail operations other than those to which this Regulation applies pursuant to Article 1(5)(b)] handling those products for which Annex III of Regulation (EC) No 853/2004 lays down requirements must be approved.	No direct effects on competition only indirect ones. Multiplication of licences per activity, if disproportionate to the public goal it serves, may be an entry barrier in cases where potential investors may be discouraged. This is especially the case when the licensing of an activity may cause significant burden to the businesses when extra capital and labour must be assigned to the task.	No recommendation for change.
92	PD 8/2012 "Establishing and renovating slaughterhouses"	Art. 3-5	Processing and preserving of meat and production of meat products	A licence is needed for operation.	Meat industry	No official recital; probably for health and safety reasons; the licence is needed in order to ensure that the facilities and equipment meet the requirements laid down in the this PD. It is also mentioned in the PD that is issued for setting the additional measures of EU Regulation 853/2004 and 882/2004.	The need of a licence in order to establish and operate a slaughterhouses is essential for health and safety reasons. This measure is proportionate to the intended purpose (health and safety) given that a slaughterhouse should meet specific requirements in order to operate in this sensitive industry. The slaughter of the animals cannot take place everywhere but in places that have been checked under the hygiene rules; therefore a licence is the only way to ensure the health and safety conditions of the installation.	No recommendation for change.
93	Draft Law "Penalties in the Food sector"	Art. 3	Framework legislation	The current penalties system determines that EFET and MoRural Development are the Central Authorities according to the EU Regulations. The Draft Law determines in art. 3 12 authorities (MoFinance and Health as well).	Miscellaneous uncertainties	There is no official recital; it is our understanding that the policy maker tries to distribute national powers to more competent authorities and hence enhance the quantity of controls.	There is no direct effect on competition; however, the draft Law does not specify the competencies of each control authority which may result in confusion and uncertainty for the operators. Moreover, it is possible that more than one competent authorities will hold similar dawn raids (e.g. with the same reasoning), resulting in additional costs for the controlled operator. It is noteworthy that the current legal framework (JMD 88/2006) determines two competent authorities which has also been criticised as incompatible with EU legislation (hygiene package, EU Regulations 178/2002, 852/2004, 853/2004, 854/2004, 882/2004) that states only one official national authority for food controls.	Abolish and define a central national authority.

Sector: FOOD PROCESSING										
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94	L. 1650/1986 Environmental Terms	Art. 6 par. 16	Framework legislation	For the Industries-Operations of Annex I of the Directive 2010/75, a financial guarantee or equivalent can be determined as a prerequisite for the issue of AEPO (approval of environmental conditions).	Miscellaneous uncertainties	Inactive due to the new Law 4014/2011 but repeated there in article 20 par. 16.	The Directive 2010/1975 does not require a payment of guarantee. This vague provision may create barriers to entry especially if the payment is not reasonable and justified according to the operation.	Abolish (due to the character of the provision, which applies horizontally to some types of industries and not only food processing. In the report this provision is dealt with in the chapter on horizontal legislation).		
95	Law 4035/1960 "Measures on expansion and improvement of horticultural crops and other provisions"	5	Controls and fees	Restrictions imposed on the owners of plant nurseries - If the lot is larger than 20 acres then the owner must be hold a degree in agronomics or employ an agriculturalist.	Miscellaneous uncertainties	It was not possible to identify the objective; it is our understanding that this provision is to promote the agronomy profession. It is most likely that this provision is inactive due to later pieces of legislation (i.e. 1564/1985) for licences of operations, etc.	Obsolete.	Abolish.		
96	Draft Market Regulations	Art. 47	Framework legislation	Honey is being sold only in a pre-packaged form. On the contrary, it seems that Regulation 852/04 art. 1 par. 2c applies, which allows producers to sell directly to consumers without this prerequisite. Furthermore, non pre-packaged honey can be sold only to HORECA.	Miscellaneous volumes and packaging	No official recital; to protect honey from adulteration since it is a traditional product of Mediterranean nutrition and hence of national interest.	In general the prohibition of selling in bulk, when this is not for health and safety reasons or is not derived from EU standards, may affect the variety of the products and therefore, limit consumer choice, especially if there is no obvious reasoning on health and safety issues. However, due to the specific value of honey in the Greek food industry, the policy maker by introducing this provision aims to tackle the phenomena of adulteration and shield the quality of the national product. Therefore, this measure is proportionate and necessary for the intended purpose.	No recommendation for change.		
97	Law 2040/1992 "Issues of Ministry of Rural Development"	11 par 10	Manufacture of vegetable and animal oils and fats	For retail sale, all packaging holding up to 5 litres is allowed provided that it complies with the rules laid down in both EU and Greek legislation.	Miscellaneous volumes and packaging	To protect the quality of the PDO product.	All standards for PDO olives follow the regular procedure of notification in the EU Commission that accepts the relevant labelling or not. Therefore the limit of up to 5lt of retail packaging is accepted by EU.	No recommendation for change.		
98	MD 1733/1974 "Terms and obligations for the distribution of vinegar"	1 par a	Manufacture of other food products	Apple vinegar may only be bottled in bottles up to 1lt.	Miscellaneous volumes and packaging	No official recital; further to our communication with EFET and GCSL it is not possible to identify the objective.	Obsolete. In general, the prohibition of setting a maximum package size may affect the variety of the products and therefore, limit consumer choice, especially if there is no obvious reasoning on health and safety issues or quality of the product.	Explicitly repeal the provision.		
99	MD 323902/2009	3	Manufacture of vegetable and animal oils and fats	A limit of 5 litres for olive oil packaging. EU Regulation 29/2012 gives the option to the Member State to determine a package of more than 5 litre for HORECA but Greece does not use it.	Miscellaneous volumes and packaging	No official recital; to promote the quality of the product and protect consumers against olive oil fraud.	EU legislation gives the right to the Member States to decide on larger packages. Greece does not allow larger packages of olive oil to be sold from wholesalers to restaurants, hotels, etc. By limiting the packaging of olive oil up to 5 kg, even if it is not prohibited by EU legislation, the cost of distribution increases and affects the purchases of the buyer. Consequently, this may create a barrier to entry for operators that could buy more at a lower price. EU Regulation 29/2012 allows Member States to set larger packages for the distribution of olive oil. "However, in the case of oils intended for consumption in restaurants, hospitals, canteens and other similar collective establishments, the Member States may set a maximum capacity exceeding 5 litres for packaging depending on the type of establishment concerned".	Set larger packages for distribution to restaurants, hotels, canteens. Spain, the largest producer (Greece holds the third position) of olive oil sets larger packages for the distribution of olive oil to restaurants, hotels, canteens, etc. (Real Decreto 1431/2003, de 21 de noviembre, por el que se establecen determinadas medidas de comercialización en el sector de los aceites de oliva y del aceite de orujo de oliva, http://www.boe.es/diario_boe/txt.php?id=BOE-A-2003-21736) "As provided in the second paragraph of Article 2 of Regulation (EC) No 1019/2002, in Spain the oils referred to the previous article may be in packs of 10, 20, 25 and 50 liters provided it is intended to chip shops, restaurants, hospitals, canteens and other similar places".		

Sector: FOOD PROCESSING								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
100	MD 323902/2009 "Additional Measures for the implementation of EU Reg 1019/2002 regarding the standards of olive oil trade"	5	Manufacture of vegetable and animal oils and fats	Prohibition of production of mixture of olive oils with other vegetable oils within Greece.	Miscellaneous volumes and packaging	No official recital; to promote the quality of the product.	<p>EU Regulation 29/2012 does not prohibit the circulation of mixtures. This provision may limit variety of products, especially products that could be sold at a lower price, increase quality standards and limit consumer choice.</p> <p>It is noteworthy that other mediterranean countries (Spain, Italy) with a high tradition in olive oil production do not apply a similar restriction and hence are more competitive in the international market.</p>	<p>Abolish the prohibition. Greece is at the top of olive oil consumption per capita in the European Union for 2011/12, with 17.9kg, followed by Spain with 12.6kg, Italy 10.9kg, Cyprus 7.5kg and Portugal 7.4kg (source: IOC and statements of EM within the IOC and Eurostat balances). However, the total consumption decreased from 212,500 tonnes to 208,000 tonnes from 2011/2012 to 2012/2013 and much more from 2010/2012 where it was 227,500 tonnes (source www.internationaloliveoil.org/estaticos/view/131-world-olive-oil-figures). This decrease may be a result of the economic crisis and the lack (or gap) between olive oil which is an expensive product (price producer EUR 2.36 per kilo, May 2013, increase 28%) and cheaper products. This means that a blend of a high percentage of olive oil and eventually cheaper than virgin olive oil, would be most likely consumed by Greek consumers enhancing both variety of products and consumer choice.</p>

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
1	L. 1316/1983 "National Pharmaceutical Organization"	Art. 3 par. 2a	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	EOF opinion re-establishment, operation, expansion, transfer of a company operating in the production or trade of products falling under EOF competence	Establishment/licensing	The objective is the establishment of a state body for the direct, permanent and effective protection of public health and the protection of the public interest in the sector of production, import and distribution.	Licensing procedure, not harmful for competition as such.	No recommendation for change.
2	L. 2323/1995 "street Markets and licences of retail shops"	Art. 10	Street markets and licences of retail shops	The article determines that an entrepreneur needs an establishment licence for a retail shop issued by the Prefecturing Council. The law depends on the issuance of the licence on population and geographical criteria (e.g. in Rhodos and Corfu if the surface exceeds 1500 m ² , in Crete if the surface exceeds 1500 m ² and is at a distance of up to 20km from the city centre, in Kos, Lesvos, Limnos, Samos, Syros, Zakynthos, Kefallonia and Lefkada if the surface exceeds 500 m ² , and in all the other islands if the surface exceeds 200 m ² etc.). Athens and Piraeus are excluded from this requirement. The entrepreneur needs a licence even if the new retail shop belongs to the same firm or even if it is the second branch in the same area, if the total surface exceeds the limits defined by the law.	Establishment/licensing	The objective of the provision is to protect the local societies from the phenomena of gigantism of business activities that may lead to stagnation of the traditional commercial activity within the urban areas or in geographically restricted areas (f.i. islands). The provision provides for a clear and complete procedure for the issuance of licences in compliance with the principle of proportionality so as not to impede without reason commercial activity.	The provision may constitute a barrier to entry, create uncertainty, impede investments and limit the number of suppliers. The regulation isolates and fragments local markets, which may raise prices. It also limits consumer choice, since the law provides the Prefecture Council with very broad discretionary power to decide on the establishment of a retail shop, by taking into consideration urban planning provisions and the compatibility of the shop with the natural and cultural environment. As a consequence, the Prefecture Council is attributed with urban planning competencies which are already exercised by another authority, i.e. the urban planning authority which is competent to apply the urban planning legislation and issue a licence. Additionally, the Prefecture Council, by issuing an establishment decision under the criteria defined in the law substantially may abolish, amend or substitute the decision issued by the competent urban planning authority. Finally, the discretionary and occasional character of the provision creates uncertainty for any potential investment.	Abolish.
3	L. 328/1976 "Pharmacies & medicines"	Art. 6 par.1, 3	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The entry into pharmaceutical warehouses of non pharmacists is forbidden. The pharmaceutical warehouses can only be established by pharmacists. In case of inheritance, the family should hire a pharmacist.	Establishment/licensing	Abolished by Law 2166/1993, art. 26 par. 2	Abolished by Law 2166/1993, art. 26 par. 2	No recommendation for change.
4	L. 328/1976 "Pharmacies & medicines"	a) Art. 7 b) Art. 8 c) Art. 6	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	a) Minimum distances between pharmacies and limitation to freedom to establish and transfer from one place to another. b) Co-establishment of pharmacies - the co-establishment of pharmacies/pharmaceutical warehouses may be allowed by the competent authority for an unlimited number of pharmacies/pharmaceutical warehouses. The relevant provisions for distances between pharmacies do not apply on the co-establishment. c) A pharmacy can be incorporated only as a general partnership or limited partnership only between pharmacists and each one should participate with at least a 50% on capital, losses and profits of the company.	Establishment/licensing	The objective is the protection of public health and balanced urban planning development for the operation of pharmacies. Achievement of the sustainability of pharmacies which requires the rationalisation and modernisation of the market of medicines through the establishment of appropriate criteria for the operation of pharmacies. The pharmacies serve an objective of public interest, i.e. the protection of public health. Thus, the State wants only accredited people to manage formally and substantially the respective stores, even when these stores operate under a specific type of company. The deficiency of the prior legislation in force had as a result the distribution of medicines to the public by entrepreneurs having as an objective their own enrichment, with no respect for the further objectives that the above professions serve.	a) Barrier to entry: The establishment of new pharmacies is hindered by these criteria, resulting in reduced competition. Search and congestion costs (for consumers): Fewer pharmacies result in higher search costs and higher congestion costs. Diseconomies of scale (for pharmacists): By restricting the number of pharmacies that can be co-established, the pharmacists lose the opportunity to establish pharmacy chains which will give them the opportunity to achieve economies of scale. Also, those pharmacists who earn a lower income are not allowed to move their business to other more profitable locations. b) No harm to competition has been identified. c) Barrier to entry: The establishment of new pharmacies is hindered, resulting in reduced competition. Diseconomies of scale (for pharmacists): By restricting the number of pharmacies that can be co-established, the pharmacists lose the opportunity to establish pharmacy chains which will give them the opportunity to achieve economies of scale. Also, those pharmacists who earn a lower income are not allowed to move their business to other more profitable locations. Search and congestion costs (for consumers): The consumer loses access to larger pharmacies that offer better services in terms of operating hours availability, range of drugs stocked, etc..	a) Abolish the provisions on minimum distances. b) No recommendation for change. c) Abolish the provisions on incorporation of pharmacies.
	L. 3204/2003 "Amendments to the National Health System"	Art. 19 par. 6	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Any kind of agreement between pharmacists and third parties, having as a result the direct or indirect control of the pharmacy, is forbidden.	Establishment/licensing	The objective of the provision is to ensure sustainable development of pharmacies and to impede third persons from exploiting pharmacies. Additionally, the pharmacies serve an objective of public interest, i.e. the protection of public health. Thus, the State wants only accredited people to manage formally and substantially the respective stores, even when these stores operate under a specific type of company. The deficiency of the prior legislation in force had as a result the medicines to be distributed to public by entrepreneurs having as an objective their enrichment, with no respect to the further objectives that the above professions serve.	Barrier to entry: Especially to pharmacy chains. Diseconomies of scale (for pharmacists): By restricting the number of pharmacies that can be co-established, the pharmacists lose the opportunity to establish larger pharmacies which will give them the opportunity to achieve economies of scale. Also, those pharmacists who earn a lower income are not allowed to move their business to other more profitable locations. Search and congestion costs (for consumers): The consumers do not have access to larger pharmacies that offer better services in terms of operating hours availability, range of drugs stocked, etc..	Abolish the provision.

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
	L. 3918/2011 "Public procurements-pharmacies etc."	a) Art. 36 par. 1 b) Art. 36 par. 3 c) Art. 36 par. 4 d) Art. 36 par. 6	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	a) General provision on population restrictions and minimum distances between the pharmacies. b) The provision determines planning rules based on population criteria, i.e. a proportion of 1 pharmacy per 1,000 people on a regional level and if such a level does not exist, on a municipality level. In municipalities with up to 1,000 people only one pharmacy licence is granted. c) The general distance provisions do not apply for pharmacies located close to public hospitals of more than 150 beds and at a distance of 100 metres. However, their number cannot exceed the number of pharmacies determined in the broader area, as defined in the general criteria. d) Exemption from population and geographical restrictions for co-establishment - the form of co-establishment is the private owned company (OE). The co-established pharmacies participate with the same percentage in the partnership.	Establishment/licensing	a) The restrictions are imposed in order to ensure the uniform diaspora of pharmacies in the country, given the landscape specificities of the country (mountainous areas and islands) and to avoid the asymmetric concentration of many pharmacies in urban centres. b) The objective of the provision is to ensure the uniform spread of pharmacies in the country, given the landscape specificities of the country (mountainous areas and islands) and to avoid the asymmetric concentration of many pharmacies in urban centres. c) The operation of more pharmacies at a minimum distance of 100 metres from hospitals (exemption to the general rule of minimum distances between pharmacies) aims to prevent the market from monopolies. d) The co establishment aims to increase the employment of pharmacists. The co-established pharmacists have an individual establishment licence and the same legal obligations.	Barrier to entry: The establishment of new pharmacies is hindered, resulting in reduced competition. Search and congestion costs (for consumers): Having fewer pharmacies implies higher search costs and higher congestion costs.	a) No recommendation for change with respect to population criteria (Greece has the highest density of pharmacies to population among the EU 27 Member States). Abolish the provision with respect to minimum distances of pharmacies. b) No recommendation for change with respect to population criteria. c) The provision as per the number of beds should be abolished. d) The provision on the incorporation of pharmacies should be abolished.
5	L. 1963/1991 "Amendments of the pharmaceutical legislation"	a) Art. 2 b) Art. 7 c) Art. 8		a) Population restrictions on pharmacies. b) Co-establishment of pharmacies - The co-establishment of pharmacies/pharmaceutical warehouses may be allowed by the competent authority for an unlimited number of pharmacies/pharmaceutical warehouses. The relevant provisions for distances between pharmacies do not apply on the co-establishment. c) Upon authorisation of the Prefecture, the incorporation of companies may be allowed for the exploitation of pharmacies, operating as private owned pharmacies, under corporations or as co-established pharmacies.	Establishment/licensing	a) For the achievement of public health purposes it is necessary to achieve the economic and operational sustainability of the pharmacies. Additionally, it should be forbidden to the pharmacists to compete freely because in this case it is certain that if the pharmacists are more interested to profit than to public health, this will be to the detriment of the latter. b) The provision on co-establishment of pharmacies aims to the creation of sustainable pharmaceutical units which will trade all sorts of medicines and other products and to the better service of the consumers. c) The aim of the provision is the creation of sustainable economic pharmaceutical units on a prefecture level under the form of private owned companies (O.E.). The provision also aims to the better service of consumers on an urban planning level. Since the majority of pharmacies will be owned by one company, it will be avoided the gathering of many pharmacies in commercial areas and the lack of pharmacies in less populated areas.	Barrier to entry: The establishment of new pharmacies is hindered, resulting in reduced competition. Search and congestion costs (for consumers): Having fewer pharmacies implies higher search costs and higher congestion costs.	a) No recommendation for change with respect to population criteria. b) No recommendation for change. c) Abolish the provision on the prior authorisation of the Prefecture for the establishment of a pharmacy under a specific form of company. The present provision falls under the general recommendations on the incorporation of pharmacies and should be abolished.
6	L. 3918/2011 "Public procurements-pharmacies etc."	Art. 36 par. 5	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	A pharmacy should employ one pharmacist for every 3 assistants.	Establishment/licensing	The objectives are the protection of public health and the increase of employment for pharmacists.	Labour costs: Higher labour costs as the pharmacy owners are obliged to hire a specific number of employees (pharmacists or assistant pharmacists) instead of determining this number according to their needs. Lack of pharmacists and assistant pharmacists could also lead to lower employment in the sector and a reduced pharmacy network.	Abolish the provision.
7	L. 5607/1932 "Foundation and operation of pharmacies"	a) Art. 12 par. 1 b) Art. 13 c) Art. 14 d) Art. 8	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	a) The minimum distance provisions do not apply for co-established pharmacies. b) The co-establishment of a pharmacy and/or pharmaceutical warehouse with any other shop is forbidden. c) The transfer of the seat of a pharmacy is only allowed within the borders of the municipalities. d) One pharmacist can obtain one licence which is connected with only one pharmacy.	Establishment/licensing	a) The co establishment of pharmacies aims to create sustainable pharmaceutical units which will trade all sorts of medicines and other products and provide better service to the consumers. b) The objective of the provision is to avoid practices which may disturb the operation system of the pharmacies and the relations of the pharmacists. Additionally, the provision aims to avoid the excessive establishment of pharmacies in specific areas. c) The objective of the provision is to avoid practices which may disturb the operation system of the pharmacies and the relations of the pharmacists. Additionally, the provision aims to avoid the excessive establishment of pharmacies in specific areas. d) The aim is the stricter control of pharmacies and the regulation of the profession in a way that they do not have to compete intensively with one another to the advantage of the economically powerful pharmacies and to the detriment of public health.	a, b) Barrier to entry: Especially to new pharmacy chains. No room for economies of scale (for pharmacists): By restricting the number of pharmacies that can be co-established, the pharmacists lose the opportunity to establish larger pharmacies which will give them the opportunity to achieve economies of scale. Also, those pharmacists who earn a lower income are not allowed to move their business to other more profitable locations. Search and congestion costs (for consumers): The consumers do not have access to larger pharmacies that offer better services in terms of operating hours availability, range of drugs stocked etc. c, d) Barrier to entry: to pharmacy chains, in particular, which results in lower competition. Lower competition results in lower quality of service (advice offered, speed of prescribing, range of drugs stocked, opening hours) and higher price in products with prices not regulated by the state (e.g. cosmetics). Employment loss: pharmacy chains are not allowed entry and thus fewer pharmacists or pharmacy assistants are employed. Also the restriction distorts the optimal geographical distribution of pharmacies.	a) No recommendation for change. b) Abolish the provision. c) Abolish the provision. A pharmacist should be free to transfer its seat outside the borders of the municipality, as long as he fulfils the population criteria. d) Disconnect the number of pharmacies from the number of licences. A pharmacist should be able to acquire more than one pharmacy.
8	L. 5607/1932 "Foundation and operation of pharmacies"	Art. 20 par. 1	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Specific distances from one pharmacy to the other.	Establishment/licensing	The objectives are the protection of public health and balanced urban planning development of the pharmacies. Additionally, the sustainability of the pharmacies which require the rationalisation of the market of medicines and the establishment of specific criteria for the operation of pharmacies.	Barrier to entry: The establishment of new pharmacies is hindered, resulting in reduced competition. Search and congestion costs (for consumers): Having fewer pharmacies implies higher search costs and higher congestion costs.	Abolish the provision.

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
9	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 6 par. 5	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Excludes the products referred to by Hellenic Medicine Production-Ελληνική Φαρμακοποία (f.i raw materials and formulations) and products such as cotton and band-aid from obtaining an opinion from KEEF in order to obtain or renew the licence.	Establishment/licensing	Abolished by art. 9 Law 1316/1983.	Abolished by art. 9 Law 1316/1983.	No recommendation for change.
10	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 17 par. 5 n	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The provision provides for a fee to be paid by the applicant who applies for a determination of price for his product or an increase of the price of his product which is already on the market.	Establishment/licensing	It was not possible to identify the official objective of the provision. Based on international practice, we understand that independent authorities are often funded, inter alia, by fees charged to the companies they oversee. These fees contribute to the funding of the authorities in order to reduce their reliance on the central budget of the state and enhance their independent status.	Extra administrative cost to pharmaceutical firms. Needs to be abolished in case it is non-contributive. High fees on price determination and price changes can increase the menu costs of the entrepreneurs and reduce price flexibility in the market. This increases the risk of off-equilibrium prices, which could lead to shortages (in case of a price lower than its market equilibrium) or loss of consumer surplus (when prices are higher than the market equilibrium). However, while the provision constitutes an administrative burden, we have no evidence of distortion of competition.	No recommendation for change on competition grounds. However, the provision constitutes an administrative burden and should be reviewed as such.
11	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 6 par. 1, 2 & 4	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Licensing procedure for the trade of pharmaceutical products and renewal of licence. Duration of licence from 2 to 5 years.	Establishment/licensing	Abolished by art. 24 MD 82161/2012, in compliance with EC Directive 2001/85	Abolished by art. 24 MD 82161/2012, in compliance with EC Directive 2001/85	No recommendation for change.
12	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 9 par 1 & 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Licensing procedure for the production of foreign formulations in Greece - obligation to indicate on the packages the origin of the product.	Establishment/licensing	Abolished by MD 322210/2013 on production and trade of medicines.	Abolished by MD 322210/2013 on production and trade of medicines.	No recommendation for change.
13	a) Presidential Decree 88/2004 "Organization and operation of pharmaceutical warehouses" b) L. 1963/1991 "Amendments of the pharmaceutical legislation"	a) Art. 2 par. 1 b) Art. 4	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	a) Minimum surface of 150m2 for the establishment of a warehouse of which 120 m2 is the storage place. b) Minimum surface of 30 m2 in the case of one pharmacy or in case of co establishment for up to 3 pharmacies. The laboratory should have a minimum surface of 10 m2 and the storehouse a minimum surface of 5 m2.	Establishment/licensing	The minimum surface is required in order the national pharmacies to follow the European standards.	Restrictive surface limitations might raise barriers to entry.	Abolish the provisions on minimum surface.
14	Presidential Decree 88/2004 "Organization and operation of pharmaceutical warehouses"	Art. 4 par. 1	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The pharmaceutical warehouse should have a large stock of all the relevant products referred in art. 1 of Law 1316/1983, even though their request is low or fluctuating.	Establishment/licensing	The objective is to cover the cases of emergency in which the wholesalers should be able to supply medicines to persons who are authorised to sell them to consumers.	Potentially raises cost for warehouses.	Abolish the provision.
15	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 17 par. 4	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Imposition of fee in favour of EOF imposed on the retail price.	Fees	It was not possible to identify the official objective of the provision. Based on international practice, we understand that independent authorities are often funded, inter alia, by fees charged to the companies they oversee. These fees contribute to the funding of the authorities in order to reduce their reliance on the central budget of the state and enhance their independent status.	The fee must be contributive, otherwise it raises the cost for the pharmaceutical firms. In addition, fees imposed on the retail prices of some, but not other, products change the relative prices in the market. This can distort consumer choice and lead to inefficiencies.	In view of the potential for distortion of retail prices, we recommend that the funding channels of EOF should be reviewed.
16	L. 1023/1980 "Fund of street markets"	Art. 17	Street markets	As amended by the Law 4177/2013: Every seller has to pay a daily levy for its right to operate to the Organisations of Athens-Piraeus and Thessaloniki. The levy is determined either by these organisations after the approval of the Prefect, for street markets located in the respective metropolitan areas, and/or by the Mayor of the area for markets located elsewhere in Greece. Producers pay only for the days they actually operate and sellers for the days determined on their licences.	Street markets	Traders are obliged to pay a levy/day to the Municipality for cleaning services, road space, etc. For street markets operating under the Organisations of Athens - Piraeus and Thessaloniki, this levy is set by the Organisation.	Given that all sellers in a market (either Athens-Piraeus or Thessaloniki) are subject to the same regulation as to the levy, the provision does not distort competition.	No recommendation for change After the amendments of the Law 4177/2013, published in July, the regulatory environment of the levy has been rationalised. Furthermore, it is explicitly stated that the levy is contributive and that every seller/producer, whether a member of the Organisation or not, pays the amount.

Sector: RETAIL TRADE									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
17	L. 2323/1995 "street Markets and licences of retail shops"	Art. 1 par. 3	Street markets and licences of retail shops	Licences for outdoor trade are of two types. Type A: Products of farming, fisheries, flowers. Licence valid for all the country (fresh produce). Type B: Other products, valid only for the specific region.	Outdoor trade	There is no official recital; introduced by the JMD K1-164/2011. Probably this provision is to distinguish farming products from industrial and the relevant licences. Given that the licence is granted by the Regional authority, it is assumed that this provision is to control the number of licences in the Region and not let a licensee operate in another Region where there is enough non-outdoor trade.	This distinction in the geographic scope of licences leads to differential treatment. Moreover, the restriction for type B to operate only in a specific region potentially reduces the intensity of competition in type B products, possibly reducing the pressure on prices. However, this distinction follows from the social policy objectives that underpin the licensing for outdoor trade. For this reason, it is considered proportionate to the objective.	No recommendation for change	
18	L. 2323/1995 "street Markets and licences of retail shops"	Art. 1 par. 6	Street markets and licences of retail shops	Population criteria and minimum distance between licensees. A) The distance between the positions of outdoor trade (stationary) shall not be less than one hundred (100) metres in cities with a population over one hundred thousand (100,000) inhabitants or fifty (50) metres in cities with less population in towns and villages. B) A position granted for an outdoor trader cannot be near hotel units, stores, museums, churches, or archaeological places. C) A position granted for an outdoor trader cannot be at a distance below 300 metres from a street market in Attica and municipalities with less than 100,000 residents or 150 metres in any other case.	Outdoor trade	In general, the official recital mentions that the provisions regarding the licensing and operation of outdoor trade, aim to tackle unfair competition, tax evasion, cheating consumers, weakness of controlling outdoor merchants and to preserve the appearance of cities and especially tourist and historical sites. With the detailed provisions of the Law 2323/1995 the outdoor trade is administered in an objective and fair way, clear and specific conditions and criteria for granting such licences are set to strictly bounded space and time in pursuing those activities and not to compete with stores or harm the appearance of tourist towns.	It regulates entry into the market and therefore limits competition at retail level. However, we note that the law establishes the general principle of granting outdoor trade licences based on social criteria and therefore (A) and (C) are proportionate to the intention of the policy maker. (B) is a reasonable provision for the promotion of Greek tourism and is also proportionate to the objective of the policy maker.	No recommendation for change - Proportionate to the intended purpose of the policy maker.	
19	L. 2323/1995 "street Markets and licences of retail shops"	Art. 2 par. 1 and 2	Street markets and licences of retail shops	A licence is required for markets on church squares and Sunday markets, and is issued to holders of outdoor trade licences. Population criteria for Sunday market.	Outdoor trade	Licence is needed to operate; the official recital mentions that this provision aims to address unfair competition with regular stores and protect consumers. There is no official objective for the population criteria for Sundays; probably for equal prerequisites according to the size of the city.	The provision grants preferential treatment to current holders of outdoor licences with respect to potential new entrants. However, given the general principles of the law, especially the granting of outdoor trade licences on the basis of social criteria and the provisions preventing regular merchants (i.e. stores) or firms from obtaining a similar licence, these provisions appear to be proportionate.	No recommendation for change.	
20	L. 2323/1995 "street Markets and licences of retail shops"	Art. 2 par. 7	Street markets and licences of retail shops	Exception for the Municipality of Messenia to hold a licence.	Outdoor trade	No official recital; derived from the custom of this particular market of Messenia.	This provision leads to preferential treatment of the Sunday Market of Messenia. However, due to the explicit purpose of the provision, it can be justified. The policy maker exempts this market only from the formal procedure of the issue of the licence. In all other respects, the Law applies.	No recommendation for change.	
21	L. 2323/1995 "street Markets and licences of retail shops"	Art. 7 par. 7	Street markets and licences of retail shops	Licence for producers – valid for 6 months all over the country - and renewable. Licences can be issued only for land products (flowers included) and products of fisheries. They cannot sell products that are not of their own production or products that are in refrigerators or warehouses.	Street markets	To ensure that the licensee is the producer (6 months) and sells only farming products or products without prior processing.	This provision, by obliging the producer to sell only products of land and sea restricts the variety available to consumers and limits distribution channels. Other products that derive directly from the producer but include a first processing procedure can be sold after ensuring compliance with EU legislation.	We recommend exploring the opportunity of widening further the range of products.	
22	L. 2323/1995 "street Markets and licences of retail shops"	Art. 7c	Street markets and licences of retail shops	Wholesalers of products of land and fisheries should register with the Regional Unit and provide details of their turnover in these specific goods.	Street markets	Inactive in practice; for the needs of a well-functioning market and its control.	Even if this provision is inactive in practice, it may create an uncertain environment for businesses, especially as they are obliged to provide financial information, without a clear purpose of how this will be used. Potential publication may lead to information sharing among competitors and consequently reduce competitive pressure.	Explicitly repeal the provision.	
23	L. 2323/1995 "street Markets and licences of retail shops"	Art. 7d	Street markets and licences of retail shops	Authorises the Minister to issue Ministerial Decisions in order to have more transparent transactions for products of land and fisheries (in addition to the Code of Book and Elements). Invoices should include more elements such as the initial price (producer), origin of the product, etc.	Street markets	Transparency in pricing formulation and better control.	This provision aims to tackle the increase of the price that takes place from the producer to the final consumer due to intermediaries. However, it is arbitrary to the extent that the Minister determines the indication of intermediate prices and may lead to an unsafe environment for the traders. Additionally, it can act as a focal point.	Abolish.	
24	L. 2323/1995 "street Markets and licences of retail shops"	Art. 7f	Street markets and licences of retail shops	There are only two organisations for street markets. Athens - Piraeus and Thessaloniki. The Board of Directors decides on the proper operation of the market and control of the members.	Street markets	There is no official recital; the Organisation handles the operation of the street markets under its competence.	Even if the Organisation of street markets is a public body, it operates in an independent way and only under the surveillance of Prefect of Attica and Thessaloniki accordingly (after the Law 4177/2013). Organisations of street markets have a wide competence and decide on any issue regarding the operations of their members, when other street markets that are not under the competence of the Organisation are regulated by the Law. With these provisions, the Government provides legislative backing to rules that are mostly developed by the Organisations and may lead to co-regulation. This structure can have a significant anti-competitive impact, especially when the Organisation has the power to decide on crucial issues for the operation of the market.	The legal framework of the Organisations should be reviewed by the competent authorities, to ensure a level playing field for all street markets. The rules applied if a street seller or producer operates under the competence of the Organisation should be clear, transparent and non-discriminatory.	

Sector: RETAIL TRADE									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
25	L. 2323/1995 "street Markets and licences of retail shops"	Art. 7f (i)	Street markets and licences of retail shops	The BoD grants loans on more favourable terms for professional sellers.	Street markets	There is no official recital; the Organisation handles the operation of the street markets under its competence. To boost professional sellers.	The provision grants preferential treatment to one group of sellers, that compete in the same market as another group of sellers, i.e. the producers, who do not benefit from the same favourable terms.	The legal framework of the Organisations should be reviewed by the competent authorities, to ensure a level playing field for all street markets. The rules applied if a street seller or producer operates under the competence of the Organisation should be clear, transparent and non-discriminatory.	
26	L. 2323/1995 "street Markets and licences of retail shops"	Art. 8a	Street markets and licences of retail shops	Similar provisions as in the rows above apply to the Organisation of Thessaloniki.	Street markets	There is no official recital; the Organisation handles the operation of the street markets under its competence.	See above regulation applicable to the Organisation of Athens and Piraeus.	The legal framework of the Organisations should be reviewed by the competent authorities, to ensure a level playing field for all street markets. The rules applied if a street seller or producer operates under the competence of the Organisation should be clear, transparent and non-discriminatory.	
27	L. 4013/2011 "Bankruptcy Code, Chambers etc"	Art. 16 par. 3	Street markets and licences of retail shops	Piraeus is exempted from the renewal of licences for Sunday market, provided the licensee keeps paying the contributions, and the fines imposed for lack of renewal are returned.	Street markets	Due to historical reasons, the idea was to support the Piraeus street market, even if licences were overdue.	The provision discriminates between Piraeus and the other markets.	Abolish or rationalise. It is not obvious from the provision, which are the specific reasons for this total exemption of Piraeus from licencing and fines.	
28	P.D. 115/2008 "Terms for the operation of street markets of Biological Products"	Art. 2 par. 2	Street Markets and licences of retail shops	Distinction between new and old producers: New producers do not need to prove that 50% of their income derives from the production of organic products	Street markets	The State wants to set standards, in order to have control and register licence holders.	The policy maker aims to create a preferential treatment to new entrants into the market. It seems proportionate to the intended purpose and justified insofar as it creates incentives for new producers to operate.	No recommendation for change	
29	P.D. 254/2005 "Provisions for outdoor trade"	Art. 7 par. 3	Provisions for outdoor trade	Licensees of outdoor trade cannot sell their products when the correspondent stores are not allowed to open. This prohibition is not applied for outdoor trade during Sundays or feasts and in canteens.	Outdoor trade	There is no official recital; not to compete the stores during their closing time.	This provision limits the ability of traders to provide their products. However, given the general principles of the Law, especially the granting of outdoor trade licences on the basis of social criteria and the provisions preventing regular merchants (i.e. stores) or firms from obtaining a similar licence, these provisions seem proportionate.	No recommendation for change	
30	P.D. 85/2004 "Organisation for street markets of Thessaloniki"	Art. 3 (αε)	Street markets	Power of the Organisation regarding the monitoring of the movement, sufficiency and prices of the products of the street markets	Street markets	There is no official recital; the Organisation handles the operation of the street markets under its competence.	Even if the Organisation of street markets is a public body, it operates in an independent way and only under the surveillance of Prefect of Attica and Thessaloniki accordingly (after the Law 4177/2013). Organisations of street markets have a wide competence and decide on any issue regarding the operations of their members, when other street markets that are not under the competence of the Organisation are regulated by the Law. With these provisions, the Government provides legislative backing to rules that are mostly developed by the Organisations and may lead to co-regulation. This structure can have a significant anti-competitive impact, especially when the Organisation has the power to decide on crucial issues for the operation of the market.	The legal framework of the Organisations should be reviewed by the competent authorities, to ensure a level playing field for all street markets. The rules applied if a street seller or producer operates under the competence of the Organisation should be clear, transparent and non-discriminatory.	
31	PD 51/2006 "Operation of street markets"	Art. 2	Operation of street markets	Only certain categories of products can be sold in street markets. Dairy products are not included.	Street markets	There is no official recital; probably due to the stricter requirements for the distribution of processed food (i.e. meat, dairies, etc).	This provision, by limiting the ability of the trader to sell only land products (goods of produce) restricts product variety and diminishes distribution channels. Other products that derive directly from the producer but include a first processing procedure can be sold after ensuring compliance with EU legislation.	We recommend exploring the opportunity of widening further the range of products.	
32	PD 51/2006 "Operation of street markets"	Art. 2 par. 2D	Operation of street markets	Each seller must sell only products of one of the determined categories. The licences should cover 90% of the land products and fisheries in preference.	Street markets	There is no official recital; probably to enhance agricultural products.	This provision, by limiting the ability of the trader to sell only a category of product restricts product variety and diminishes distribution channels. It also imposes discrimination between sellers and producers. Limit of 90% of the granted licence also restricts the variety of products.	Abolish the distinction.	
33	PD 51/2006 "Operation of street markets"	Art. 3 par. 3	Operation of street markets	Licence for producers in order to sell. Limited types of licences. Note that a producer can have more than one type of product.	Street markets	There is no official recital; it is our understanding that the provision leaves the producer more flexible to operate since it is its own production.	See above (row 32)	No recommendation for change.	
34	PD 51/2006 "Operation of street markets"	Art. 5 par. 6 & 7	Operation of street markets	The seller cannot be replaced or helped by anyone having a licence of outdoor trade or street market. Sellers can hire only unemployed persons.	Street markets	To prevent the abuse of the Law (a licence for all members of the family) and the to grant licences for more sensitive categories.	Proportionate and generally accepted social policy	No recommendation for change	

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
35	PD 51/2006 "Operation of street markets"	Art. 7 & 8	Operation of street markets	The organisations for the street markets of Athens-Piraeus and Thessaloniki are allowed to issue regulatory decisions for various issues on the operation of the markets (e.g. working time, placement, etc).	Street markets	Art. 7 mentions that all licenses given until this P.D. are valid until the owner retires and that the professional license owners, who are active in many prefectures, must have their approval. This could be considered a preferential status for the owners until this P.D. concerning their retirement and their activity in more places. Art. 8 gives the power to the organisations for the laikes (people's) markets to decide on the operation in their geographical limits, in accordance with the other State Prefectures, since the majority of laikes are located in Athens, Piraeus and Thessaloniki.	Even if the Organisation of street markets is a public body, it operates in an independent way and only under the surveillance of Prefect of Attica and Thessaloniki accordingly (after the Law 4177/2013). Organisations of street markets have a wide competence and decide on any issue regarding the operations of their members, when other street markets that are not under the competence of the Organisation are regulated by the Law. With these provisions, the Government provides legislative backing to rules that are mostly developed by the Organisations and may lead to co-regulation. This structure can have a significant anti-competitive impact, especially when the Organisation has the power to decide on crucial issues for the operation of the market.	The legal framework of the Organisations should be reviewed by the competent authorities, to ensure a level playing field for all street markets. The rules applied if a street seller or producer operates under the competence of the Organisation should be clear, transparent and non-discriminatory.	
36	Market Regulations (A2-861 FEK 2044/2013)	Art. 116 par. 4	Framework legislation	Gas stations owners, who have an exclusive contract with oil companies cannot sell heating oil, (if they have the licence to do so) via tanker trucks with the logo of the oil company.	Fuel/retail level	This provision derives from the distinction (of the L. 3054/2002 and the licensing regulation, art. 21 of the Ministerial Decree 16750/2005) between heating oil sellers with storage capacities that can buy from oil companies and heating oil sellers without storage capacities that can only buy from those with storage capacities (for further analysis to this distinction, see below). There is no official recital; according to the above-mentioned distinction, this provision probably is to prevent smuggling or distribution of heating oil using the brand and, consequently, the reputation of a well-known oil company.	This restriction may increase transport costs and lead to second best choices in terms of economic efficiency and in effect harm competition. If it is assumed that the objective is to tackle smuggling, then this provision does not seem in proportion to the purpose of the policy maker. Due to the harmonisation of the tax regimes of heating oil and diesel, there is no justified reason for the maintenance of a provision that tackles the smuggling of diesel.	The provision needs to be amended. Provided that the final consumer is well informed and not misled regarding the brand name of the heating oil, businesses should be able to use their trucks in any way they find optimal.	
37	Draft Market Regulations	Art. 100 par. 10	Framework legislation	A licensee of bottling LPG may not distribute, trade or dispose in any way LPG bottled on its behalf or on behalf of other licensees of Law 3054/2002 and others, and may not own bottles, except if he has a licence for trading LPG.	Fuel/retail level	Included by mistake - needs to be omitted; see below, row 41	(should be deleted)	No recommendation for change.	
38	Draft Market Regulations	Art. 100 par. 7	Framework legislation	Oil companies should sell only heating oil to licensed sellers of heating oil.	Fuel/retail level	Derives from the general idea of the Law 3054/2002 art. 4(1) that each activity requires a specific licence. Consequently, only licensed heating oil sellers can buy heating oil and oil companies should only sell to them.	This provision is in line with the general principle in the framework law 3054/2002, of requiring individual licences for each economic activity in the retail fuel sector (i.e. a company should be a wholesaler to be able to sell to retailers/gas stations). While it results in an administrative burden, it does not appear to significantly harm competition.	No recommendation for change. Deleted in the Market Regulations A2-861 fek 2044/2013)	
39	Market Regulations (A2-861 FEK 2044/2013)	Art. 116 par. 6	Framework legislation	i) A gas station cannot sell to another gas station (oil company or independent).	Fuel/retail level	Derives from the general idea of the Law 3054/2002 that each activity requires a specific licence. Consequently, this provision repeats in a different way the above-mentioned principle of the framework law.	i) This provision is in line with the general principle in the framework law 3054/2002, of requiring individual licences for each economic activity in the retail fuel sector (i.e. a company should be a wholesaler to be able to sell to retailers/gas stations). While it may result in an extra administrative burden, it does not appear to significantly harm competition.	The provision constitutes an administrative burden and as such it should be reviewed by the competent authorities.	
	Market Regulations (A2-861 FEK 2044/2013)	Art. 116 par. 6	Framework legislation	ii) A gas station cannot sell to heating oil seller with or without storage facilities. iii) Heating oil sellers with or without storage facilities cannot sell to heating oil sellers with storage facilities or gas stations.	Fuel/retail level	Derives from the general idea of the Law 3054/2002 that each activity requires a specific licence. Consequently, this provision repeats in a different way the above-mentioned principle of the framework law.	ii),iii) This restrictions may significantly harm competition, taking into account that there is no reason for this after the harmonisation of the two tax regimes.	There are three important principles that guide the amendment needed here: A) different retail licences are needed for road fuel (gas station) and heating oil (heating oil seller) [see L 3054/2002], B) owning storage facilities is the critical detail that secures the supply process according to MD 16750/2005 and C) after the equalisation of the tax rates between diesel and heating oil, smuggling issues have been more or less tackled. According to these principles, this provision should be simplified as follows: 1. Heating oil sellers (irrespective of whether they are also gas stations) with storage facilities should be able to supply all heating oil sellers without storage facilities and be supplied from oil companies, refineries and imports 2. Heating oil sellers without storage facilities should be able to be supplied from heating oil sellers with storage facilities, oil companies, refineries and imports. Any other distinction simply distorts the market either by harming competition directly or by creating extra administrative burdens that hamper the general business environment in this particular market.	

Sector: RETAIL TRADE										
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations		
40	Market Regulations (A2-861 FEK 2044/2013)	Art. 128 par. 2	Framework legislation	LPG traders (wholesalers) cannot sell LPG in bulk to bottlers (in line with Licences Regulation art. 25)	Fuel/retail level	There is no official recital. However, this provision derives from the general distinction of licences; based on the definition of activities, an LPG trader delivers the LPG product and his bottles to the bottler in order to bottle the LPG; the bottler can only bottle LPG for the trader or himself if he has the relevant licence.	It appears reasonable due to the general principle of separate licences and is proportional to the intended purpose of safety protection.	No recommendation for change.		
41	Market Regulations (A2-861 FEK 2044/2013)	Art. 128 par. 8	Framework legislation	The licensee of bottling LPG may not distribute, trade or dispose in any way of LPG or have it bottled on its behalf or on behalf of other licensees of Law 3054/2002 and others, and may not own bottles, except if he has a licensee for trading LPG.	Fuel/retail level	There is no official recital. However, this provision derives from the general distinction of licences; based on the definition of activities, an LPG trader delivers the LPG product and his bottles to the bottler in order to bottle the LPG; the bottler can only bottle LPG for the trader or himself if he has the relevant licence. Therefore, we assume that this provision is to promote a responsible and safe way of bottling. Additionally, the objective is safety in case of the distribution of LPG in unbranded bottles.	It appears reasonable due to the general principle of separate licences. On the other hand this measure is proportional to the intended purpose which is related to safety reasons.	No recommendation for change.		
42	Market Regulations (A2-861 FEK 2044/2013)	Art. 131	Framework legislation	Guarantee in order to buy a new bottle.	Fuel/retail level	For deposit reasons; guarantee for refillable bottles may be returned by producing the initial receipt; consumer will be pushed to replace it by giving the bottle to the seller.	This is a standard market practice and seems proportional to the intended purpose.	No recommendation for change.		
43	Market Regulations (A2-861 FEK 2044/2013)	Art. 109	Framework legislation	Workshops for sealing pumps in gas stations should be authorised by the Ministry of Development.	Fuel/retail level	No recital; however this is for monitoring reasons.	It appears reasonable; for controlling safety, fuel adulteration and tax evasion. It should take into account that in case of adulteration, the workshop is equally responsible with the operator/owner of the gas station.	No recommendation for change.		
44	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 3 par. 10 , art. 7 & Market Regulations	Fuel	A licensee of retail trade of fuel (in relation with art. 7 of the same Law) can only sell to consumers (i.e. a gas station cannot sell to another gas station).	Fuel/retail level	In general the official recital of the Law mentions that the main target of this framework is: a) strengthening of competition resulting better services and lower prices for the consumer and b) constitution of a control mechanism in order to protect the market from phenomena of smuggling and adulteration. One of the main principles of the Law is the licensing framework where each activity is licensed individually. The recital mentions that if the prerequisites of more than one activity are fulfilled, a business can operate in more than one activity and granted with separate licences. Additionally to the above-mentioned purpose, this provision also serves safety and tax evasion reasons.	This provision is in line with the general principle in the framework law 3054/2002, of requiring individual licences for each economic activity in the retail fuel sector (i.e. a company should be a wholesaler to be able to sell to retailers/gas stations). While it may result in an extra administrative burden, it does not appear to significantly harm competition.	The provision constitutes an administrative burden and as such it should be reviewed by the competent authorities.		
45	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 5 par. 2 and art. 7 par. 10	Fuel	Refineries cannot sell to individuals or ventures and associations when they or their members have exclusive contracts with oil companies or use their brand.	Fuel/retail level	No official objective, probably a generalisation, for the case of ventures and associations of gas stations, of the legal requirement that only an independent gas station may be supplied directly from a refinery bypassing the wholesaler (oil company)	See analysis for Art 7. of L. 3054/2002, regarding types of gas stations based on the existence or not of an exclusive contract with a wholesaler (oil company). Given the proposed reservations there, this particular provision poses no direct harm to competition since retailers have the freedom of choice to form ventures or associations of independent gas stations and be supplied directly from the refineries. The opposite case where a retailer with an exclusive contract is part of a "mixed" venture with independent gas stations that is supplied directly from a refinery will actually lead to breaching terms of the contract, and possibly to misleading consumers regarding the brand of the fuel sold.	Implicitly affected through the provisions of Art 7. of L. 3054/2002 and the obligation of a particular type of gas station to have an exclusive contract with an oil company. Both provisions need to be amended regarding the obligation of exclusive contracts to be directly imposed by the law (see below row 46).		
46	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 7	Fuel	Article 7, in relation to art. 3 (10) describes the retail activities as following: A retailer (gas station) can either (i) have an exclusive contract with oil companies or (ii) operate as an independent gas station (ΑΠ). Independent gas stations should not use any brand and have the exclusive responsibility of the distribution of their products.	Fuel/retail level	The exclusivity, in general, is not justified or mentioned in the recital. Probably, it exists in order to protect both contract parties.	Exclusive contracts between parties are commonly used in the fuel market, in order to establish a safer environment for the parties. An oil company invests in a gas station, (i.e. pumps, logos, equipment, etc). However, it is unduly restrictive for the law to indicate the exclusive type of contract. The parties should be left free to choose the most suitable contract. Increases the bargaining power of the oil company (i.e. it does not need to negotiate and reach an exclusive agreement).	The provision needs to be amended in a way that the law should not prescribe the exclusive type of contracts.		
47	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 7 par. 10	Fuel	Ventures and Associations cannot have tanker trucks other than the ones that are used by the members' gas stations. Same provision for providing their own storage space.	Fuel/retail level	There is no specific recital. It is our understanding that the ventures and associations have been foreseen in order to give independent gas stations the right to collaborate.	This provision violates the economic freedom of ventures and associations of independent stations while no reason of public interest justifies the restriction it proposes. These particular restrictions hinder direct access of ventures and associations of independent gas stations to the refining companies, which should be seamless while introducing barriers to entry and expansion in the development of their business activities by achieving economies of scale and efficiencies in the supply process (either directly or indirectly by raising transportation and logistics related costs).	Explicitly repeal the provision		

Sector: RETAIL TRADE									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
48	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 7 par. 11	Fuel	A gas station can import oil products only if there is no exclusive contract (with an oil company),	Fuel/retail level	The exclusivity, in general, is not justified or mentioned in the recital. Probably, in order to protect both contract parties.	Exclusive contracts between parties are commonly used in the fuel market, in order to establish a safer environment for the parties. An oil company invests in a gas station, (i.e. pumps, logos, equipment, etc). However, it is unduly restrictive for the law to indicate the exclusive type of contract. The parties should be left free to choose the most suitable contract. Increases the bargaining power of the oil company (i.e. it does not need to negotiate and reach an exclusive agreement).	The provision needs to be amended in a way that the law should not prescribe the exclusive type of contracts.	
49	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 7 par. 6	Fuel	Heating oil sellers without storage capacities can be supplied only by other licensees owning this capacity.	Fuel/retail level	There is no reasoning in the recitals. We assume that this provision is regulated for safety reasons or, from another point of view, in order to avoid free riding (from sellers without storage capacities) that may cause problems to the supply or the structure of the market.	This provision hinders the freedom of economic activity and business development due to the fact that sellers without storage capacities cannot freely select a supplier according to their business plan. They are obliged instead to buy their product only from retailers with storage capacities and cannot choose other traders (i.e. refineries, wholesalers). Assuming that this provision promotes the safety of supplies, it cannot be justified given that refineries or wholesalers are also obliged to provide as safe conditions of distribution as a retailer with storage capacities.	This provision needs to be repealed regarding the part that obliges heating oil sellers without storage facilities to be supplied exclusively by heating oil sellers with storage facilities. They ought to be free to choose any supplier that can guarantee the safety of supplies, i.e. heating oil sellers with storage facilities, wholesale oil companies, refineries, etc.	
50	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 7 par. 9	Fuel	Does not allow retail stations on motorways to sell heating oil	Fuel/retail level	The official recital mentions that the distribution of heating oil on motorways is unnecessary and this restriction is being imposed in order to prevent the use of heating oil for vehicles.	This does not seem to serve any particular public interest that could justify this restriction of economic freedom. On the contrary, it limits the freedom and discourages the owners of the particular retail stations to expand (and thus increase competition) to the heating oil market. Whether this legislation reflects the fact that it may not be currently as attractive in terms of profitability or efficiency to sell heating oil from the particular retail stations in contrast to the rest, and if hypothetically some type of public interest could justify this distinction, it would not be easy to argue why this restriction should only be imposed on petrol stations on national highways.	Explicitly repeal the provision	
51	MD 16750/2005 "Licensing regulation in the oil products market"	Art. 21	Fuel	Distinction between heating oil sellers owning storage facilities (a) and not owing storage facilities (b). (a) type can sell to (b) type and final consumers. (b) type can only sell to final consumers.	Fuel/retail level	There is no reasoning in the recitals. We assume that this provision is regulated for safety reasons or, from another point of view, in order to avoid free riding (from sellers without storage capacities) that may cause problems to the supply or the structure of the market.	This provision hinders the freedom of economic activity and business development due to the fact that sellers without storage capacities cannot freely select a supplier according to their business plan. They are obliged instead to buy their product only from retailers with storage capacities and cannot choose other traders (i.e. refineries, wholesalers). Assuming that this provision promotes the safety of supplies, it cannot be justified given that refineries or wholesalers are also obliged to provide as safe conditions of distribution as a retailer with storage capacities.	This provision needs to be repealed regarding the part that obliges heating oil sellers without storage facilities to be supplied exclusively by heating oil sellers with storage facilities. They ought to be free to choose any supplier that can guarantee the safety of supplies, i.e. heating oil sellers with storage facilities, wholesale oil companies, refineries, etc.	
52	MD 16750/2005 "Licensing regulation in the oil products market"	Art. 21	Fuel	Distinction between heating oil sellers owning storage facilities (a) and not owning storage facilities (b). (a) can be supplied only by oil companies. (b) can be supplied only by (a) heating sellers.	Fuel/retail level	There is no reasoning in the recitals. We assume that this provision is regulated for safety reasons or, from another point of view, in order to avoid free riding (from sellers without storage capacities) that may cause problems to the supply or the structure of the market.	This provision hinders the freedom of economic activity and business development due to the fact that sellers without storage capacities cannot freely select a supplier according to their business plan. They are obliged instead to buy their product only from retailers with storage capacities and cannot choose other traders (i.e. refineries, wholesalers). Assuming that this provision promotes the safety of supplies, it cannot be justified given that refineries or wholesalers are also obliged to provide as safe conditions of distribution as a retailer with storage capacities.	This provision needs to be repealed regarding the part that obliges heating oil sellers without storage facilities to be supplied exclusively by heating oil sellers with storage facilities. They ought to be free to choose any supplier that can guarantee the safety of supplies, i.e. heating oil sellers with storage facilities, wholesale oil companies, refineries, etc.	
53	MD 16750/2005 "Licensing regulation in the oil products market"	Art. 21	Fuel	(b) sellers can buy heating oil only from (a) sellers. The contract should have an exclusive character. If the contract is terminated, a new one must be signed. All these obligations should be taken into account for the licence issue.	Fuel/retail level	There is no reasoning in the recitals. We assume that this provision is regulated for safety reasons or, from another point of view, in order to avoid free riding (from sellers without storage capacities) that may cause problems to the supply or the structure of the market.	This provision hinders the freedom of economic activity and business development due to the fact that sellers without storage capacities cannot freely select a supplier according to their business plan. They are obliged instead to buy their product only from retailers with storage capacities and cannot choose other traders (i.e. refineries, wholesalers). Assuming that this provision promotes the safety of supplies, it cannot be justified given that refineries or wholesalers are also obliged to provide as safe conditions of distribution as a retailer with storage capacities.	This provision needs to be repealed regarding the part that obliges heating oil sellers without storage facilities to be supplied exclusively by heating oil sellers with storage facilities. They ought to be free to choose any supplier that can guarantee the safety of supplies, i.e. heating oil sellers with storage facilities, wholesale oil companies, refineries, etc. Further, The provision needs to be amended regarding the obligation of exclusive contracts to be directly imposed by the law and directly linked to the licensing procedure.	
54	MD 16750/2005 "Licensing regulation in the oil products market"	Art. 21	Fuel	All (a) and (b) heating oil sellers should at least own a Private Use Truck/or rent a Public Use Truck. They should replace it in case of loss, damage of the truck or if it exceeds 20 years.	Fuel/retail level	There is no official recital; probably safety reasons.	This provision, as amended in 2011, is not harmful in terms of options; the seller should of course use a truck and can own it or rent it. There is no distinction between private and public trucks. The problem is the obligation to replace it after exceeding 20 years of use. This obligation does not exist in other tanker trucks, owned or rented by other licensees, and seems to be an additional restriction to operate as a heating oil seller.	Option 1: If the replacement of the truck is regulated for proven safety reasons then this provision should remain as it is, but the same should be applied for the transportation of all types of fuel and not just heating oil. Option 2: If there are no proven safety reasons for this regulation, then it needs to be abolished.	

Sector: RETAIL TRADE									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
55	MD 16750/2005 "Licensing regulation in the oil products market"	Art. 21 par. 2	Fuel	If the licensee of heating oil sale is also a retailer (gas station), when trading heating oil, he should do so outside the gas station and in a way which is independent of its gas station operation.	Fuel/retail level	There is no official recital; probably for the protection from phenomena of smuggling (public interest reasons).	Abolished by Ministerial Decision Δ2/A/19843/29-9-2011	No recommendation for change	
56	L. 4177/2013 "Regulations for the market of products and services"	Art. 28	Fuel	Determination of a minimum content on contracts between companies and fuel gas stations, including price formulation, rebates, sales, etc. The article describes in a very detailed way the content of the contracts; in the pricing formulation, the article determines two alternative ways of calculation: a) reference price that is not determined by the parties plus gross profit (sales and discounts will be calculated on the reference price) and b) wholesale prices that are announced to Regulatory Authority of Energy (RAE) on a daily basis minus sales and discounts.	Fuel/retail level	The draft official recital mentions that this provision is the result of the HCC opinion (October 2012). This provision aims to set rules in the contracts between oil companies and gas stations that will lead to more transparent pricing and consequently lower prices. Moreover, this provision aims to delink wholesale prices from rebates and discounts.	Due to the specific character of the fuel market in Greece, that has a low level of vertical integration and a high number of gas stations (currently 5,800), a written contract with a minimum content will intensify the bargaining and countervailing power of gas stations, which is the intention of the policy maker. However, the pricing should be left for the parties to negotiate and be more flexible rather than imposing two alternatives; in this way, the parties will be able to choose the most suitable for their commercial policy.	The pricing should be left for the parties to negotiate so that it is more flexible rather than imposing two alternatives.	
57	Circular 50/2012 - Pursuant to sub paragraph ΣΤ.2. of L.4093/2012	par. B1	Exploitation of kiosks	Licensing with quota and financial criteria for kiosks.	Kiosks	These restrictions have been abolished by a horizontal provision, defined in Subparagraph ST.2 of the Law 4093/2012. In this provision (Law 4093/2012), the policy maker clarifies that the restrictions lifted by Law 3919/2011, regarding the liberalisation of the professions, cover also kiosks and therefore any other provision which is inconsistent is not in force. It is noted that, before the issue of this horizontal provision, Law 3919/2011 was further interpreted in relation to kiosks by Circular 797/2012, which provided all the necessary details (lifting of restrictions) for the implementation of the Law 3919/2011. G62 The new Law determines a less restrictive environment for the operation of kiosks. From the number of the available licences in every municipality, 30% is offered for rent to disabled persons and large families (with many children), based on income criteria. It should be noted that the previous system determined that only these sensitive categories of population could obtain a licence. The 30% share, based on social criteria, is justified on the grounds of the social policy that the State chooses to follow in this particular economic activity. Based on the L.4093/2012 Recital, according to the Greek Constitution, any restrictions to economic freedom are allowable only for clear and specific reasons, for which it is estimated that the social benefit from the possible restriction exceeds the social damage from the restriction in competition. In the above legal framework, the law aims on the one hand at the harmonisation of the relevant legislation (in line with the established principle of professional freedom as a constitutional right), while on the other hand at granting a licence to sensitive categories of population with either health problems or with many dependent members, as part of a general social policy. Therefore, the percentage (30%) is proportionate and justified, without entirely restricting entry into the market compared to the previous restrictive environment.			No recommendation.
58	Circular 50/2012 - Pursuant to sub paragraph ΣΤ.2. of L.4093/2012	par. B2	Exploitation of canteens, cafeterias and barber shops	Licensing with quota and financial criteria for barber shops.	Kiosks	No recommendation.			
59	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 25 - Special Provisions - Common Exploitation - Granting to more than one professionals par. 3b	Definitions - benefits - term of war handicap	Licensing, special treatment of certain categories of citizens.	Kiosks	Explicitly repeal the provision.			
60	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 14 - Conditions par.b, c, d	Definitions - benefits - term of war handicap	Licensing, restrictions according to certain criteria.	Kiosks	Explicitly repeal the provision.			
61	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 15 - Content of the right for use par. 2	Definitions - benefits - term of war handicap	Restriction of selling certain products.	Kiosks	Explicitly repeal the provision.			
62	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 16 - Succession par. 1, 2	Definitions - benefits - term of war handicap	Granting of the right to use by the family.	Kiosks	Explicitly repeal the provision.			
63	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 18 - Jurisdiction and procedures for granting of licenses	Definitions - benefits - term of war handicap	Licensing.	Kiosks	Explicitly repeal the provision.			
64	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 19 - par. 3	Definitions - benefits - term of war handicap	Licensing, geographical criteria	Kiosks	Explicitly repeal the provision.			
65	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 21 - Exploitation par. 1, 3, 4, 6	Definitions - benefits - term of war handicap	Licensing, temporariness.	Kiosks	Explicitly repeal the provision.			
66	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 22 - Type and dimensions par. 2, 3, 4	Definitions - benefits - term of war handicap	Licensing, Technical specifications.	Kiosks	Explicitly repeal the provision.			
67	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 23 - Beneficiaries of Canteens, Cafeterias, Barber shops par. 2	Definitions - benefits - term of war handicap	Licensing, exclusion of certain positions.	Kiosks	Explicitly repeal the provision.			

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
68	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 23 - Beneficiaries of Canteens, Cafeterias, Barber shops par. 5	Definitions - benefits term of war handicap	Licensing. Special Treatment of certain categories of citizens.	Kiosks			Explicitly repeal the provision.
69	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 23 - Beneficiaries of Canteens, Cafeterias, Barber shops par. 8	Definitions - benefits term of war handicap	Special treatment of certain categories of citizens in the same profession.	Kiosks			Explicitly repeal the provision.
70	L.1044/1971 - Definitions - Benefits - Terms of war handicap	Article 23 - Beneficiaries of Canteens, Cafeterias, Barber shops par. 9	Definitions - benefits term of war handicap	Licensing	Kiosks			Explicitly repeal the provision.
71	L.1044/1971 - Definitions - Benefits - Term of war handicap	Article 24 - Preferences	Definitions - benefits - term of war handicap	Special treatment of certain categories of citizens in the same profession.	Kiosks			Explicitly repeal the provision.
72	L.3648/2008 - Regulations of war disabled persons, staff of Ministry of Defence and other provisions.	Article 6 - Relocation and lease of kiosks par. 2.b	Tobacco shops - kiosks - protection of war handicaps	Licensing restrictions.	Kiosks			Explicitly repeal the provision.
73	L.3648/2008 - Regulations of war disabled persons, staff of Ministry of Defence and other provisions.	Article 6 - Relocation and lease of kiosks par. 3.a	Tobacco shops - kiosks - protection of war handicaps	Licensing time restrictions.	Kiosks			Explicitly repeal the provision.
74	L.3648/2008 - Regulations of war disabled persons, staff of Ministry of Defence and other provisions.	Article 6 - Relocation and lease of kiosks par. 3.b	Tobacco shops - kiosks - protection of war handicaps	Licensing. Possible different treatment between old and new license holders.	Kiosks			Explicitly repeal the provision.
75	L.3648/2008 - Regulations of war disabled persons, staff of Ministry of Defence and other provisions.	Article 7 - Granting of use to more than one beneficiaries, abandoned positions.	Tobacco shops - kiosks - protection of war handicaps	Restriction of selling certain products.	Kiosks			Explicitly repeal the provision.
76	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 1 - par. 3.11	Tobacco shops - kiosks - protection of war handicaps	Licensing under social criteria and quota.	Kiosks		These restrictions have been abolished by a horizontal provision, defined in Subparagraph ST.2 of the Law 4093/2012. In this provision (Law 4093/2012), the policy maker clarifies that the restrictions lifted by Law 3919/2011, regarding the liberalisation of the professions, cover also kiosks and therefore any other provision which is inconsistent is not in force. It is noted that, before the issue of this horizontal provision, Law 3919/2011 was further interpreted in relation to kiosks by Circular 797/2012, which provided all the necessary details (lifting of restrictions) for the implementation of the Law 3919/2011.	Explicitly repeal the provision.
77	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 1 - par. 3.8	Tobacco shops - kiosks - protection of war handicaps	Restricted number of licenses.	Kiosks		G62 The new Law determines a less restrictive environment for the operation of kiosks. From the number of the available licences in every municipality, 30% is offered for rent to disabled persons and large families (with many children), based on income criteria. It should be noted that the previous system determined that only these sensitive categories of population could obtain a licence. The 30% share, based on social criteria, is justified on the grounds of the social policy that the State chooses to follow in this particular economic activity. Based on the L.4093/2012 Recital, according to the Greek Constitution, any restrictions to economic freedom are allowable only for clear and specific reasons, for which it is estimated that the social benefit from the possible restriction exceeds the social damage from the restriction in competition. In the above legal framework, the law aims on the one hand at the harmonisation of the relevant legislation (in line with the established principle of professional freedom as a constitutional right), while on the other hand at granting a licence to sensitive categories of population with either health problems or with many dependent members, as part of a general social policy. Therefore, the percentage (30%) is proportionate and justified, without entirely restricting entry into the market compared to the previous restrictive environment.	Explicitly repeal the provision.
78	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 1 - Topics for kiosks and retail of tobacco products par. 2. 7	Tobacco shops - kiosks - protection of war handicaps	Restricted number of licenses, which are favourably distributed to special categories of citizens.	Kiosks			Explicitly repeal the provision.
79	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 2 - Extension of licenses for retail of tobacco products par. 2	Tobacco shops - kiosks - protection of war handicaps	Licensing.	Kiosks			Explicitly repeal the provision.

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
80	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 3 - Granting of licenses for abandoned and empty spaces kiosks par. 3	Tobacco shops - kiosks - protection of war handicaps	Licensing, Restricted number of licenses.	Kiosks			Explicitly repeal the provision.
81	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 4 - Amendment of prerequisites for granting kiosks licenses par. 2	Tobacco shops - kiosks - protection of war handicaps	Licensing, restriction according to financial criteria.	Kiosks			Explicitly repeal the provision.
82	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 5 - Amendment of succession prerequisites	Tobacco shops - kiosks - protection of war handicaps	Licensing, favourable transition of licenses to the families of special categories of citizens.	Kiosks			Explicitly repeal the provision.
83	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 7 - Granting of use to more than one beneficiaries, abandoned positions. par. 2	Tobacco shops - kiosks - protection of war handicaps	Licensing Favourable treatment of certain categories of citizens.	Kiosks			Explicitly repeal the provision.
84	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 7 - Granting of use to more than one beneficiaries, abandoned positions. par. 2.1	Tobacco shops - kiosks - protection of war handicaps	Licensing. Specification of the number of beneficiaries.	Kiosks			Explicitly repeal the provision.
85	L.3648/2008 - Regulations of war handicaps, staff of Ministry of Defence and other provisions.	Article 8 - Granting of use to more than one beneficiaries, abandoned positions. par. 2.1	Tobacco shops - kiosks - protection of war handicaps	Establishment of Audit Committees.	Kiosks			Explicitly repeal the provision.
86	Ministerial Decision K.5671/1487/1984 Lease of kiosks and licences for sale of tobacco.	Article 6	Lease of kiosks and licences for sale of tobacco	Regulating the terms of lease.	Kiosks			Explicitly repeal the provision.
87	Ministerial Decision K.5671/1487/1984 Lease of kiosks and licences for sale of tobacco.	Introduction - 3a	Lease of kiosks and licences for sale of tobacco	Establishes a licence, permit or authorisation process as a requirement for operation and with a limited timeframe.	Kiosks		These restrictions have been abolished by a horizontal provision, defined in Subparagraph ST.2 of the Law 4093/2012. In this provision (Law 4093/2012), the policy maker clarifies that the restrictions lifted by Law 3919/2011, regarding the liberalisation of the professions, cover also kiosks and therefore any other provision which is inconsistent is not in force. It is noted that, before the issue of this horizontal provision, Law 3919/2011 was further interpreted in relation to kiosks by Circular 797/2012, which provided all the necessary details (lifting of restrictions) for the implementation of the Law 3919/2011.	Explicitly repeal the provision.
88	Ministerial Decision K.5671/1487/1984 Lease of kiosks and licences for sale of tobacco.	Article 1, par. 3b (last paragraph of the text)	Lease of kiosks and licences for sale of tobacco	Grandfather clause.	Kiosks		G62 The new Law determines a less restrictive environment for the operation of kiosks. From the number of the available licences in every municipality, 30% is offered for rent to disabled persons and large families (with many children), based on income criteria. It should be noted that the previous system determined that only these sensitive categories of population could obtain a licence. The 30% share, based on social criteria, is justified on the grounds of the social policy that the State chooses to follow in this particular economic activity. Based on the L.4093/2012 Recital, according to the Greek Constitution, any restrictions to economic freedom are allowable only for clear and specific reasons, for which it is estimated that the social benefit from the possible restriction exceeds the social damage from the restriction in competition. In the above legal framework, the law aims on the one hand at the harmonisation of the relevant legislation (in line with the established principle of professional freedom as a constitutional right), while on the other hand at granting a licence to sensitive categories of population with either health problems or with many dependent members, as part of a general social policy. Therefore, the percentage (30%) is proportionate and justified, without entirely restricting entry into the market compared to the previous restrictive environment.	Explicitly repeal the provision.
89	Ministerial Decision K.5671/1487/1984 Lease of kiosks and licences for sale of tobacco.	Article 1, par. 3	Lease of kiosks and licences for sale of tobacco	Possible obstacle.	Kiosks			Explicitly repeal the provision.
90	Ministerial Decision K.5671/1487/1984 Lease of kiosks and licences for sale of tobacco.	Article 1, par. 3a, 3b	Lease of kiosks and licences for sale of tobacco	Licensing, temporariness.	Kiosks			Explicitly repeal the provision.

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
91	Ministerial Decision K.5671/1487/1984 Lease of kiosks and licences for sale of tobacco.	Article 1, par. 3c	Lease of kiosks and licences for sale of tobacco	Licensing.	Kiosks	There is no objective since it is a Ministerial Decree. However, the objective can be identified in art. 6 (8d) of Law 4328/1929, which authorises the Supreme Chemistry Committee to issue decisions that determine the terms and conditions which should be met regarding the production and the placing in the market of food, food formulations, drinks, water, chemicals and preparations, raw materials, industrial products and, in general, products that are being offered for consumption, in order to protect public health and the environment and avoid consumer deception.	EU Regulation sets out the principle that the trade of detergents cannot be prohibited if safety provisions are met. Therefore EU legislation does not require a registration procedure for each detergent. The provision increases the costs and administrative burden of a supplier (e.g. EUR 125 due for each registration). Moreover, it represents a barrier to trade for international suppliers wishing to enter or launch new products on the Greek market. Finally, it is noted that no other Member State has a similar registration requirement.	Explicitly repeal the provision.
92	Ministerial Decision K.5671/1487/1984 Lease of kiosks and licences for sale of tobacco.	Article 2	Lease of kiosks and licences for sale of tobacco	Granting of the right to use by the family.	Kiosks			Explicitly repeal the provision.
93	Ministerial Decision K.5671/1487/1984 Lease of kiosks and licences for sale of tobacco.	Introduction - 3b	Lease of kiosks and licences for sale of tobacco	Establishes a licence, permit or authorisation process as a requirement for operation and with limited timeframe.	Kiosks			Explicitly repeal the provision.
94	Ministerial Decision 1233/1991 & 172/1992 "System for the registration of detergents and cleaning products"	Art. 4 par. 4.2	Retail sale in non-specialised stores	Notification system to the General Chemistry of State and obligation for the supplier to have the respective registration number on each package.	Detergents	The objective is the reduction of the medicine expenditure (cost) in order to render the country one of the three cheapest Member States. Additionally, the objective is the reduction of the medicine expenditure of the insurance funds by simultaneously reduction of the expenditure of the insured people.	Restricts entry. In addition, the inability to price medicines that are not marketed in at least 3 other member states reduces the availability of medicines on the Greek market and creates disincentive for innovation by Greek manufacturers.	Option 1: Abolish the notification procedure. General rules for consumer health protection apply. Option 2: Abolish the notification procedure. A complementary procedure of an electronic notification free of fees should be established without the obligation of labelling the product.
95	Ministerial Decision 265/2002 "Classification of dangerous products"	Art. 10 par. 2.4 etc.	Retail sale in non-specialised stores	Indications on the products and symbols.	Licensing			No recommendation for change.
96	Ministerial Decision 378/1994 "Classification, labelling and packaging of dangerous substances"	Art. 22,23,24	Retail sale in non-specialised stores	Packaging and labelling.	Licensing	The objective is the direct and effective protection of public health.	While the provision constitutes an administrative burden we have no evidence of distortion of competition.	No recommendation for change.
97	Ministerial Decision Y6/2610/1993 "Transportation and imports of products falling under EOF competence"	Art. 2 par. 2, Art. 3	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Every natural or legal person importing or exporting products of other EU member states, falling under EOF competence, has the obligation to notify EOF within 5 days from the day of their arrival in Greece.	Licensing			No recommendation for change on competition grounds. The provision constitutes an administrative burden and should be reviewed as such.
98	Ministerial Decision ΔΥΓ3α/Π.97018/20 12 "Provisions of invoicing of medicines"	Art. 4 par. 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	EOF determines the price of medicines. A medicine can be attributed a price provided that it is traded in the European market and has been given a price in 3 other member states.	Licensing	It was not possible to identify the official objective of the provision. Based on international practice, we understand that independent authorities are often funded, inter alia, by fees charged to the companies they oversee. These fees contribute to the funding of the authorities in order to reduce their reliance on the central budget of the state and enhance their independent status.	Raises the cost of pharmaceutical companies and potentially limits entry. The fee must be equally applied. Otherwise, unreasonably high fees on approving a new medicine or its modification can limit the availability of medicines on the market. However, while the provision constitutes an administrative burden we have no evidence of distortion of competition.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
99	Ministerial Decision ΔΥΓ3α/Π.Π 139307/05/2006 "Fees for National Pharmaceutical Organization and other provisions"	Art. 1	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	For trade licence, the law provides for a fee paid to EOF ranging from EUR18 000 - 20 000 in case of a requirement for submission of the full file. In case of a simplified procedure or modification, the fee ranges from EUR 300 to 20 000.	Licensing			No recommendation for change on competition grounds. The provision constitutes an administrative burden and should be reviewed as such.
100	Ministerial Decision ΔΥΓ3α/Π.Π 139307/05/2006 "Fees for National Pharmaceutical Organization and other provisions"	Art. 12	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Same applies for biocide products. Additionally, a fee is required in case of amendment of quantity, or colour or flavouring of the product already licensed or amendment of the package or addition of a new package.	Licensing	Not within the scope of the project.	Not within the scope of the project.	No recommendation for change.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
101	Ministerial Decision ΔΥΓ3α/Γ.Π 139307/05/2006 "Fees for National Pharmaceutical Organization and other provisions"	Art. 13, Art. 14	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Same applies for food supplements and food for special diet as well as for additional substances in pet food.	Licensing	It was not possible to identify the official objective of the provision. Based on international practice, we understand that independent authorities are often funded, inter alia, by fees charged to the companies they oversee. These fees contribute to the funding of the authorities in order to reduce their reliance on the central budget of the state and enhance their independent status.	Raises the cost of pharmaceutical companies and potentially limits entry. The fee must be equally applied. Otherwise, unreasonably high fees on approving a new medicine or its modification can limit the availability of medicines on the market. However, while the provision constitutes an administrative burden we have no evidence of distortion of competition.	No recommendation for change on competition grounds. The provision constitutes an administrative burden and should be reviewed as such.
102	Ministerial Decision ΔΥΓ3α/Γ.Π 139307/05/2006 "Fees for National Pharmaceutical Organization and other provisions"	Art. 3	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	In case EOF acts as a reference member state, the fees to be paid range from EUR 500 to 40 000.	Licensing	It was not possible to identify the official objective of the provision. Based on international practice, we understand that independent authorities are often funded, inter alia, by fees charged to the companies they oversee. These fees contribute to the funding of the authorities in order to reduce their reliance on the central budget of the state and enhance their independent status.	Raises the cost of pharmaceutical companies and potentially limits entry. The fee must be equally applied. Otherwise, unreasonably high fees on approving a new medicine or its modification can limit the availability of medicines on the market. In addition, having a high fee when EOF acts as a reference member state, as long as the difference is over and above cost differences between the two procedures, impedes the introduction of innovative medicines into the Greek market. However, while the provision constitutes an administrative burden we have no evidence of distortion of competition.	No recommendation for change on competition grounds. The provision constitutes an administrative burden and should be reviewed as such.
103	Ministerial Decision ΔΥΓ3α/Γ.Π 139307/05/2006 "Fees for National Pharmaceutical Organization and other provisions"	Art. 4, Art. 5, Art. 6	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Same provisions apply in case of biological products for human use, for traditional medicines of plant origin, homeopathic medicines.	Licensing	It was not possible to identify the official objective of the provision. Based on international practice, we understand that independent authorities are often funded, inter alia, by fees charged to the companies they oversee. These fees contribute to the funding of the authorities in order to reduce their reliance on the central budget of the state and enhance their independent status.	Raises the cost of pharmaceutical companies and potentially limits entry. The fee must be equally applied. Otherwise, unreasonably high fees on approving a new medicine or its modification can limit the availability of medicines on the market. However, while the provision constitutes an administrative burden we have no evidence of distortion of competition.	No recommendation for change on competition grounds. The provision constitutes an administrative burden and should be reviewed as such.
104	Ministerial Decision ΔΥΓ3α/Γ.Π 139307/05/2006 "Fees for National Pharmaceutical Organization and other provisions"	Art. 7, Art. 9, Art. 10, Art. 11	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Same provisions apply in case of veterinary products, biological veterinary products and homeopathic veterinary products.	Licensing	Not within the scope of the project.	Not within the scope of the project.	No recommendation for change.
105	Ministerial Decision ΔΥΓ3δ/oik.66084/2011 "Invoicing of medicines"	Art. 9 par. 1, 2 & 3	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Obligation to notify the respective department of the Ministry of Health of the sales per volume and per value, the balance and the lists of costs. The above notification is a prerequisite for the examination of a request of approval or review of the price of a medicine.	Licensing	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.	No recommendation for change.
106	Ministerial Decision Υ1/Γ.Π.127962/03/2004 "Food supplements"	Art. 10 par. 1	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Obligation for the producer and/or the importer to pay a fee to EOF for each notification of a food supplement.	Licensing	It was not possible to identify the official objective of the provision. Based on international practice, we understand that independent authorities are often funded, inter alia, by fees charged to the companies they oversee. These fees contribute to the funding of the authorities in order to reduce their reliance on the central budget of the state and enhance their independent status.	Raises the cost of pharmaceutical companies and potentially limits entry. The fee must be equally applied. Otherwise, unreasonably high fees on approving a new medicine or its modification can limit the availability of medicines on the market. However, while the provision constitutes an administrative burden we have no evidence of distortion of competition.	No recommendation for change on competition grounds. The provision constitutes an administrative burden and should be reviewed as such.
107	Ministerial Decision Υ1/Γ.Π.127962/03/2004 "Food supplements"	Art. 10 par. 7	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Within 3 months of notification to EOF, the person who notified about the product has the obligation to put a stamp on the package indicating the notification number of EOF, however it should also indicate that said notification number does not constitute a trade license.	Licensing	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	This restriction imposes an administrative burden, raising the cost of supplying medicines on the market. The traceability objective can be served at substantially lower cost through information technology systems. However, while the provision constitutes an administrative burden we have no evidence of distortion of competition.	No recommendation for change on competition grounds. The provision constitutes an administrative burden and should be reviewed as such.

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
108	Law 4177/2013 "Regulations for the market and the provision of services"	Art. 16	Framework Law	<p>All retail stores can, optionally, be open 7 Sundays (defined in the article) per year from 11.00 to 20.00.</p> <p>Upon a justified decision which may be reviewed annually, the Deputy Prefect defines the areas within its Prefecture in which the retail stores can optionally operate additional Sundays from the ones defined above.</p> <p>The decision is issued by taking into consideration the local specificities and applies to the following types of stores: i) retail stores should have a maximum surface of 250 m², ii) they should not be chain stores (franchise stores are excluded from this restriction), iii) they should not be shops-in-a-shop and should not be located in outlets, malls or outlet villages. Every January, the decision of the Deputy Prefect may be reviewed.</p>	Operation hours	<p>The objective of the provision is the reinforcement of the market and specifically of the small and medium size shops.</p>	<ul style="list-style-type: none"> •Welfare: Distorts consumer choice. Regulations restricting trading hours have an impact on consumer choice regarding the time and the place to shop, causing inconvenience. Inconvenience implies a higher opportunity cost of shopping time because consumers are less able to avoid scheduling shopping trips during time which could be used for other activities of higher value for them (whether they be work or leisure). By narrowing the range of available time for shopping, the consumers exhibit common habits (e.g. shopping at the same time), which leads to higher congestion costs. Congestion costs of that type have been reduced in jurisdictions with more liberalised trading hours (Source: Jebb Holland Dimasi (2000)) •Prices: Regulation of retail trading hours protects small businesses from the competition of large stores. This can lead to greater market power and higher price margins, pushing retail prices upwards. •Productivity and Sales: Retailers who are prevented from trading to the extent they would like to forego trade to other retailers and also to other avenues of discretionary consumer spending. On the other hand, to the extent that convenience of shopping at large stores will attract additional customers in the case of Sunday trading, this event can have a negative impact on small stores which compete directly with large stores. In contrast, a positive effect can emerge on small stores which are complements to large stores since they may benefit from additional foot traffic. •Availability: Restrictions on trading hours may cause peaks and troughs in the demand for retail services. For instance by closing on Sundays retailers may be prevented from managing their stocks better, mainly in perishable goods like fruits and vegetables. More production is wasted and last minute sales are more frequent - by closing on Sundays, shops have to sell products at marked down or even below cost price on Saturday afternoon to get rid of whatever could not last until Monday morning. •Employment: One of the main objectives of regulating the opening hours is to protect the interests of employees (avoid situations where employees will be obliged to work more and subsequently prevent them from participating in family events and leisure activities). However, there is the view that restrictions on Sunday trading may be against the interests of people who wish to work part-time (for instance university students and single parents). Part-time work is considered in many European countries as a desirable alternative to standard working hours - according to ONS Labour Force eight out of ten part-time workers do not wish to work as full-time employees and only a very small proportion of those surveyed state that they do so because they cannot find a full-time job. In the UK the overall level of single parents who work on Sundays has increased and so has the number of full-time students (Source: Indepen Consulting Ltd, 2006). " 	Maintain current regime for Monday to Saturday; allow Sunday trading from 11am to 8pm (provisional) and abolish all conditions referred to in the provision.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
109	L. 1892/1990 "Investments"	Art. 42 par.1	Framework legislation	The law provides that specific shops are authorised to operate on Sundays (f.i restaurants, cafes, flower shops, pastry shops, kiosks). The Prefecture may authorise the operation of other shops (f.i. retail shops) which are not defined in the law in touristic areas. The operation of shops within central markets is also allowed on Sundays and holidays. The operation hours are defined by the boards of the respective central markets.	Operating hours	The objective is to deal with disturbance of public nuisance, downgrading of quality of life and criminality in certain areas.		No harm to competition identified.
110	L. 2194/1994 "Working hours of shops of health interest"	Art.1	Framework legislation	The law provides for specific operation hours for shops like bars, taverns, cafes, pastry shops, etc.	Operating hours	The objective is to deal with disturbing the peace, downgrading quality of life and criminality in certain areas.	Same as above	No harm to competition identified.
111	L. 3377/2005 "Establishment-operation of industrial manufacturing facilities, etc"	Art. 12 par. 1 & 2	Framework legislation	The law provides for a unified framework regarding the operation of shops of any kind with a maximum operation until 21.00 on weekdays and until 20.00 on Saturdays. The above hours of operation framework may be extended upon decision of the Prefecture, depending on the specific conditions and needs of each region. Excluded from the above framework are: i) shops in touristic ports, ii) shops falling under art. 42 Law. 1892/1990 and iii) art. 14 Law 2194/1994.	Operating hours	The objective is better service for the needs of the consumer, the development of commerce, harmonisation with EU operating hours and the creation of new job vacancies. The provision refers to the operation of the market of the whole country in order to cover common and fixed needs of consumers. The extension of operating hours is defined by the local authorities who are aware of the conditions and the needs of the local community.	Same as above	No harm to competition identified.
112	L. 3377/2005 "Establishment-operation of industrial manufacturing facilities, etc"	Art. 13	Framework legislation	The operation of retail stores and food stores, under art. 12 of the present law is not allowed before 05.00 am.	Operating hours	The objective is better service for the needs of consumers, the development of commerce, harmonisation with EU operating hours and the creation of new job vacancies. The provision refers to the operation of the market of the whole country in order to cover common and fixed needs of consumers. The extension of operating hours is defined by the local authorities who are aware of the conditions and the needs of the local community. Additionally, to avoid extra cost for shop owners by paying night shifts.	Same as above	No harm to competition identified.
113	L. 5607/1932 "Foundation and operation of pharmacies"	Art. 11 par. 1 & 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	A pharmacy cannot stay closed for more than 3 days without authorisation of the competent Authority (Prefecture).	Operating hours	The objective is the protection of public health and ensuring easy access to pharmacies for consumers.	Restricts the opportunity for economies of scale (for pharmacist); Pharmacists are forced to close earlier than desired and may suffer from excess capacity since capital and human capital investment are not fully utilised. Also, being forced to close during specific hours or days impedes the pharmacists from managing their stock of drugs better. Search cost (for consumers): The consumers have to spend more time searching for an open pharmacy. Congestion cost (for consumers): Having fewer open pharmacies implies longer queues at the till. Income loss (for employees): There is an opportunity cost for those employees who prefer to work outside the regulated hours, due to the higher premium wage rate available to them at these times.	Abolish the provision.

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
114	L.2224/1994 "Trade unions- health and safety"	Art. 23 par. 1 & 2	Framework legislation	The law provides for a unified framework regarding the operation of the shops of any kind with a maximum operation until 21.00 on weekdays and until 20.00 on Saturdays. The above hours of operation framework may be extended upon decision of the Prefecture, depending on the specific conditions and needs of each region. Excluded from the above framework are the commercial shops within touristic ports, the shops falling under art. 42 Law. 1892/1990 and art. 14 Law 2194/1994.	Operating hours	The objective is better service for the needs of the consumers, the development of commerce, harmonisation with the EU operating hours and the creation of new job vacancies. The provision refers to the operation of the market of the whole country in order to cover common and fixed needs of the consumers. The extension of operating hours is defined by the local authorities which are aware of the conditions and the needs of the local societies.	Same as under no. 108	Maintain current regime for Monday to Saturday; allow Sunday trading from 11am to 8pm
115	Previous: Draft Market Code, current Law 4177/2013 "Rules for market products and services etc"	Art. 4 par. 2	Framework Law	Authorisation to the Minister for setting maximum prices in case of public interest when it is assumed that there are no competition circumstances.	Prices	The objective is the protection of the consumer from phenomena of achievement of excessive profit in limited access areas such as archaeological sites, tourist places, etc. where there is a monopoly and lack of competition in the supply of certain basic commodities. The law provides for maximum prices in basic commodities and such prices are inserted in the lease contracts of canteens in the above mentioned areas.	This article is the authorisation to the Minister to issue an MD for determining maximum retail prices. This restriction leads to price rigidities and umbrella pricing. However, the specific rules under which this restriction may apply, coupled with the aim of the policy maker which is to provide consumer protection (i.e. coffee shops in airports, ships, trains), justify this provision. It is for further examination, when this MD is issued, which products the Ministerial Decree includes in the price fixing.	No recommendation for change
116	A2-861/2013, FEK 2044/2013, Rules of distribution of products and services	Art. 137	Framework legislation	Special points of sale. This article fixes maximum prices for specific categories of food & beverages sold in special points of sale where it is assumed that by object, there is limited competition between undertakings.	Prices	The objective is the protection of the consumer from phenomena of achievement of excessive profit in limited access areas such as archaeological sites, tourist places, etc. where there is a monopoly and lack of competition in the supply of certain basic commodities. The law provides for maximum prices in basic commodities and such prices are inserted in the lease contracts of canteens in the above mentioned areas.	This article is the result of the authorisation to the Minister to issue an MD for determining maximum retail prices. Maximum prices determination (see above row 115) could be characterised as a hardcore restriction of price fixing by the State, resulting in price rigidities and umbrella pricing. However, the specific rules under which this restriction may apply, coupled with the aim of the policy maker which is to provide consumer protection, lead to sufficient justification of this restriction and is proportionate to the intended purpose. In the specific examination of the points of sale and the products that are set in the article, are exhaustively listed (i.e. coffee shops in airports, ships, trains, stadiums, schools) and this article applies only to them. In this way, the implementation of this provision is not wide and not exhaustive as appropriate.	Delete point (j) of table 2 of the article which is vague and uncertain
117	L. 1316/1983 "National Pharmaceutical Organization"	Art. 3 par. 2c	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	EOF opinion re production, import, export and trade of products falling within its competence.	Prices	The objective is the establishment of a state body for the direct, permanent and effective protection of public health and the protection of the public interest in the sector of production, import and distribution.	No harm to competition has been identified.	No recommendation for change.
118	L. 1316/1983 "National Pharmaceutical Organization"	Art. 3 par. 8	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Authorisation to EOF to adopt any necessary measure for the regular supply of the market with pharmaceutical and parapharmaceutical products and for the avoidance of any shortages.	Prices	The objective is the establishment of a state body for the direct, permanent and effective protection of public health and the protection of the public interest in the sector of production, import and distribution.	No harm to competition has been identified.	No recommendation for change.
119	L. 1316/1983 "National Pharmaceutical Organization"	Art. 32 par. 1, 2, 4c & d	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Authorisation to the Ministry for imposition of maximum retail prices for relevant products.	Prices	Imposition of a system of pricing of medicines, the objective of which is the adaptation to the actual cost, the determination of a correct price level of medicines in the Greek market and the better performance in determining the prices.	The administrative determination of prices distorts the market equilibrium and leads to inefficiencies. It can be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over the counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
120	L. 2557/1997 "Provisions and measures for cultural development"	Art. 1 par. 3a	Retail sale of cultural and recreational goods in specialised stores	Determination of maximum percentage of 10% discount on new books.	Prices	It was not possible to identify the objective of the specific provision. However, in our understanding, the objective is to promote culture and to encourage variety in books.	Results in no price competition at the retail level, hence higher retail prices and lower quantity. The immediate implications of this are that inefficient production and inefficient retail channels survive and the incentives for product and process innovation evaporates.	Abolish.
	L. 2557/1997 "Provisions and measures for cultural development"	Art. 1 par. 3a	Retail sale of cultural and recreational goods in specialised stores	If the retailer is > 50km from the publisher, its price cannot exceed the recommended price by more than 5%.	Prices	It was not possible to identify the objective of the specific provision. However, in our understanding the objective is to cover any additional transport costs.	Results in no price competition at the retail level, hence higher retail prices and lower quantity. The immediate implications of this are that inefficient production and inefficient retail channels survive and the incentives for product and process innovation evaporates.	Abolish.
121	L. 2557/1997 "Provisions and measures for cultural development"	Art. 1 par. 3b	Retail sale of cultural and recreational goods in specialised stores	Price determination- Refund from the publisher to the suppliers in case of readjustment of the price of the book at a lower level than the initial retail price.	Prices	It was not possible to identify the objective of the specific provision. However, in our understanding, the objective to fine-tune the relations between the publisher and the supplier in case of amendment of the price of the publisher.	Results in no price competition at the retail level, hence higher retail prices and lower quantity. The immediate implications of this are that inefficient production and inefficient retail channels survive and the incentives for product and process innovation evaporates.	Abolish (see in conjunction with row 120).

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations		
122	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 20 par. 2	Fuel	The Ministers of Development and Environment have the power to determine a maximum price for ex factory price or retail price for up to 2 months.	Fuel/retail level	The official recital mentions that this provision is to protect the national economy from circumstances that may occur in case of highly increased international prices or due to unreasonable, according to competition rules, national increases in fuel products.	It can be argued that the potential social cost of harming competition by imposing a price ceiling on various types of liquid fuel prices under extreme circumstances and for a short period of time (two months) in order to address highly increased international prices or issues of profiteering, is proportional to the public benefit connected with these aims.	No recommendation for change.		
123	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 20 par. 5	Fuel	The Ministers of Development and Environment have the power to determine a minimum retail price (consumer price) for reasons of unfair competition.	Fuel/retail level	The objective of the provision is to protect consumers from unfair competition practices;	Imposing minimum consumer prices is a major distortion of competition. Unlike imposing maximum prices (in exceptional cases and to address profiteering) imposing minimum prices operates directly against consumers and the competitive process in general (since it favours the preservation of inefficient firms in the market). Also, minimum prices artificially reinforce barriers to entry for new entrepreneurs, after depriving them of a quick and effective way to penetrate the relevant market. Setting minimum prices prevents suppliers of low-cost products from winning market share by offering their customers better value products. Last, setting minimum prices favours cartel creation in any market since it allows suppliers to predict with certainty the pricing policy pursued by their competitors and thus enhances price rigidities and creates monopoly profits. Moreover, unfair competition practices among businesses (B2B) are covered by the Law 146/1914 (Private law enforcement) and therefore it is not necessary to address them by setting minimum prices, which is one of the most hardcore restrictions (black list) of retail price maintenance in the EU Regulation for vertical restraints 330/2010. It is noteworthy that this provision hasn't been used by the competent Minister, until today and that a new draft Law that the Ministry shared with us will lift this specific power of the Minister.	Abolished by Law 4172/2013 (art. 104, par. 4)		
124	L. 3377/2005 "Establishment-operation of industrial manufacturing facilities, etc"	Art. 16	Framework legislation	Imposition of maximum prices in controlled access areas	Prices	The objective is the protection of the consumer from phenomena of achievement of excessive profit in limited access areas such as archaeological sites, tourist places etc. where there is a monopoly and lack of competition in the supply of certain basic commodities. The law provides for maximum prices in basic commodities and such prices are inserted in the lease contracts of canteens in the above mentioned areas.	Further to the power of the Minister to set maximum prices and define the margin of operators, MD YA A2-96 ΦEK B 55 2007 sets maximum prices for products sold in canteens operating in places owned or operated (exploited) by the State, public entities, local authorities of first or second grade (Prefectures or Municipalities). Maximum prices determination (see above rows 123-124) could lead to downward price rigidities. Compared to the Market Regulation that sets maximum prices in airports, ships, trains, stadiums (see above rows 123-124), the rules under which this restriction may apply are not specific and create legal uncertainty. Additionally the prices determined by MD YA A2-96 ΦEK B 55 2007 are quite different from those in airports, ships, trains, stadiums. Finally, the phrase "owned or exploited by the public sector [...]" is vague and does not specify which places exactly it includes. Moreover, the terms of the public sector, municipalities and public bodies may include a quite large number of private operators (i.e. cantines in Ministries, seashores, parks) and hence distort competition in this unspecified and wide market.	Abolish		
125	L. 3377/2005 "Establishment-operation of industrial manufacturing facilities, etc"	Art. 17 par. 2	Framework legislation	Prohibition of selling books in book exhibitions with the exception of exhibitions organised by associations (one exhibition per year).	Prices	Confrontation of illegal trading in the book sector. Opportunity for all book associations to express themselves but at the same time limitation of an activity which harms primarily the small neighbourhood bookstores.	The provision restricts the associations' ability to promote books and to potentially increase sales through an alternative retail channel.	We recommend reviewing the number of exhibitions that associations are allowed to hold every year, so that the anti-competitive effects of the provision are mitigated while keeping in line with the policy maker's objective of preserving the balance between outdoor trade and brick-and-mortar shops.		
	L. 3377/2005 "Establishment-operation of industrial manufacturing facilities, etc"	Art. 17 par. 3 subpar. 2 and 3	Framework legislation	The bodies of publishers or booksellers can engage in outdoor trade of books if books have been published at least 5 years earlier and are sold at reduced prices. This requires prior application to the Prefecture Council, covering among others the quantity and the price of the books prior and during the exhibition. The exhibition cannot last more than 10 days.	Prices	Confrontation of illegal trading in the book sector. Opportunity for all book associations to express themselves but at the same time limitation of an activity which harms primarily the small neighbourhood bookstores.	The provision restricts the associations' ability to promote books and to potentially increase sales through an alternative retail channel.	Abolish.		
126	L. 4052/2012 "Memorandum II"	Art. 21 par. 3	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Authorisation to the Minister to impose maximum profit margins to pharmaceutical wholesalers.	Prices	The objective is savings on pharmaceutical expenditures in all categories of medicines.	The fixing of profit margins for OTCs prevents price competition among the traders. In addition, in regimes where ex-factory prices are set freely while the trade margins are regulated, the traders do not have strong incentives to bargain for lower ex-factory prices, which can lead to higher overall prices.	The authorisation should apply only for prescribed medicines and should not apply for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.		

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
127	L. 802/1978 "Central markets and retails"	Art. 12	Street markets	The Minister has the power to issue Market Regulations on suggested retail prices.	Prices	It was not possible to identify the objective of the specific provision.	Obsolete	Explicitly repeal the provision.
128	L. 802/1978 "Central markets and retails"	Art. 13	Street markets	The Minister has the power to ban the circulation of products characterised as essential, within a new name, package or production if the industry aims to have a profit by this decision, without his (the Minister's) approval. For the approval, the industries may provide analytical production costs.	Prices	It was not possible to identify the objective of the provision.	Obsolete	Explicitly repeal the provision.
129	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 17 par. 5 c,d & e	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Imposition of percentage of price reduction on medicines whose patent has expired.	Prices	Imposition of a system of pricing of medicines, the objective of which is the adaptation to the actual cost, the determination of a correct price level of medicines in the Greek market and the better performance in determining the prices.	The administrative determination of prices distorts market equilibrium and leads to inefficiencies. It may be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over-the-counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
130	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 17 par.1	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Imposition of maximum wholesale & retail prices on medicines.	Prices	Imposition of a system of pricing of medicines, the objective of which is the adaptation to the actual cost, the determination of a correct price level of medicines in the Greek market and the better performance in determining the prices.	The administrative determination of prices distorts market equilibrium and leads to inefficiencies. It may be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over-the-counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
131	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 1 par. 1,2,3	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Determination of maximum wholesale and retail price and fixed ex factory price for producers, importers and packagers.	Prices	The objective is the reduction of the medicine expenditure (cost) in order to render the country one of the three cheapest member states. Additionally, another objective is the reduction of the medicine expenditure of the insurance funds by simultaneously reduction of the expenditure of the insured people.	The fixing of profit margins for OTCs prevents price competition among traders. In addition, in regimes where ex-factory prices are set freely while the trade margins are regulated, the traders do not have strong incentives to bargain for lower ex factory prices. The profit margins for retailers are set at higher levels compared with both the EU-27 average margin for medicines and the margin of the Greek supermarkets. The loss of consumer surplus from the difference in the margin between Greece and the EU-27 average for medicines is estimated at EUR 23.2 million.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
132	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 10	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Procedure for approval of price of medicines by EOF.	Prices	The objective is the reduction of the medicine expenditure (cost) in order to render the country one of the three cheapest member states. Additionally, another objective is the reduction of the medicine expenditure of the insurance funds by simultaneously reduction of the expenditure of the insured people.	The administrative determination of prices distorts market equilibrium and leads to inefficiencies. It may be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over-the-counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
133	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 11	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Fee of 4% on the wholesale price paid by the producers, packagers and importers of medicines in favour of National Association of Pharmacists.	Prices	It was not possible to identify the objective of the specific provision. However, to our understanding the provision aims to raise revenue for the respective Association.	Third-party fees imposed on prices distort consumer choice and create inefficiencies. In addition, the obligation of the state to collect these fees and to transfer the amounts to the third-parties reduce the transparency of public finances, impeding their effective control.	Abolish. The National Association of Pharmacists should fund its activities through fees paid by its members and through fees paid for services that it provides, rather than through taxation that distorts prices.
134	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 12	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The decision specifies the percentage change of the unit price of medicines for which the quantity sold per package has changed.	Prices	The objective is the reduction of the medicine expenditure (cost) in order to render the country one of the three cheapest member states. Additionally, another objective is the reduction of the medicine expenditure of the insurance funds by simultaneously reduction of the expenditure of the insured people.	The administrative determination of prices distorts market equilibrium and leads to inefficiencies. It may be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over-the-counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
135	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 2 par. 1a and par.2a	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Determination of fixed profit margin of OTC for wholesalers and retailers	Prices	The objective is the reduction of the medicine expenditure (cost) in order to render the country one of the three cheapest member states. Additionally, another objective is the reduction of the medicine expenditure of the insurance funds by simultaneously reduction of the expenditure of the insured people.	The fixing of profit margins for OTCs prevents price competition among traders. In addition, in regimes where ex-factory prices are set freely while the trade margins are regulated, traders do not have strong incentives to bargain for lower ex factory prices. The profit margins for retailers are set at higher levels compared with both the EU-27 average margin for medicines and the margin of the Greek supermarkets. The loss of consumer surplus from the difference in the margin between Greece and the EU-27 average for medicines is estimated at EUR 23.2 million.	Abolished by recent Ministerial Decision 57408/2013.

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
135	Ministerial Decision 57408/2013 "Provisions of invoicing of medicines"	Art. 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Definition of maximum profit margin for wholesalers and pharmacies on OTCs prices. Nothing is determined on the ex factory price.	Prices	The objective is the reduction of the medicine expenditure (cost) in order to render the country one of the three cheapest member states. Additionally, another objective is the reduction of the medicine expenditure of the insurance funds by simultaneously reduction of the expenditure of the insured people.	The fixing of profit margins for OTCs prevents price competition among traders. In addition, in regimes where ex-factory prices are set freely while the trade margins are regulated, traders do not have strong incentives to bargain for lower ex factory prices. The profit margins for retailers are set at higher levels compared with both the EU-27 average margin for medicines and the margin of the Greek supermarkets. The loss of consumer surplus from the difference in the margin between Greece and the EU-27 average for medicines is estimated at EUR 23.2 million.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
136	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 3 par. 3 & 4	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The producers, packagers and importers of medicines should provide the pharmacies, wholesalers and associations a credit period of at least 2 months. The same applies for wholesalers to pharmacies.	Prices	It was not possible to identify the objective of the specific provision.	The administrative determination of prices distorts market equilibrium and leads to inefficiencies. It may be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over-the-counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for over-the-counter substances, sold through retail channels.
137	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 3 par. 5	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The producers, packagers and importers can provide additional rebates without limitation to the pharmacies of private clinics of over 60 beds.	Prices	It was not possible to identify the objective of the specific provision.	The administrative determination of prices distorts market equilibrium and leads to inefficiencies. It may be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over-the-counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
138	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 6	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The article provides for a reduction of 50% on the wholesale price of a medicine whose protection period has expired, without request of the holder of a trade license. In case the price of the medicine is less than 5 euro, the reduction is 3% and if the price is 5-10 euros the reduction is 5%.	Prices	The objective is the reduction of the medicine expenditure (cost) in order to render the country one of the three cheapest member states. Additionally, another objective is the reduction of the medicine expenditure of the insurance funds by simultaneously reduction of the expenditure of the insured people.	The administrative determination of prices distorts market equilibrium and leads to inefficiencies. It may be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over-the-counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
139	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 7 par. 1 & 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The article includes provisions on the determination of wholesale prices of generic medicines.	Prices	The objective is the reduction of the medicine expenditure (cost) in order to render the country one of the three cheapest member states. Additionally, another objective is the reduction of the medicine expenditure of the insurance funds by simultaneously reduction of the expenditure of the insured people.	The administrative determination of prices distorts market equilibrium and leads to inefficiencies. It may be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over-the-counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
140	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 8	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The provisions set a maximum net profit margin of medicines produced in Greece (8.5%).	Prices	The objective is the reduction of medicine expenditure (cost) in order to render the country one of the three cheapest Member States. Additionally, another objective is the reduction of medicine expenditure of the insurance funds by simultaneous reduction of expenditure of those who are insured.	The fixing of profit margins for OTCs prevents price competition among traders. In addition, in regimes where ex factory prices are set freely while the trade margins are regulated, traders do not have strong incentives to bargain for lower ex-factory prices. The profit margins for retailers are set at higher levels compared with both the EU-27 average margin for medicines and the margin of the Greek supermarkets. The loss of consumer surplus from the difference in the margin between Greece and the EU-27 average for medicines is estimated at EUR 23.2 million.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.
141	Ministerial Decision ΔΥΓ3(α)/οικ.97018/20 12 "Provisions of invoicing of medicines"	Art. 9 par. 1-5	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Obligation of the pharmaceutical companies to notify the respective Department of the Ministry of Health the sales per volume and per value, the balance and the lists on costs. The above notification is a prerequisite for the examination of a request of approval or review of the price of a medicine.	Prices	The objective is the reduction of medicine expenditure (cost) in order to render the country one of the three cheapest Member States. Additionally, another objective is the reduction of medicine expenditure of the insurance funds by simultaneous reduction of expenditure of those who are insured.	The notification of sales volume, value and cost data facilitates the emergence of cartel agreements. Prescription medicines are indeed a special case, as their supply and prices are justifiably controlled. For all other products this restriction reduces competition, lowering the benefits from price liberalisation. It also imposes an administrative cost.	Abolish for over-the-counter substances, sold through retail channels.
142	Ministerial Decision ΔΥΓ3δ/οικ.66084/2011 "Invoicing of medicines"	Art. 1 par. 1b, 2,3b,	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Determination of profit margins for OTCs for producers, wholesalers and pharmacists.	Prices	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
143	Ministerial Decision ΔΥΓ35/οικ.66084/2011 "Invoicing of medicines"	Art. 12	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Determination of prices in case of change of producers or packager or in case of addition or alteration of the package of a medicine.	Prices	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.
144	Ministerial Decision ΔΥΓ35/οικ.66084/2011 "Invoicing of medicines"	Art. 2 par. 1 & 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Profit margins for wholesalers and pharmacists	Prices	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.
145	Ministerial Decision ΔΥΓ35/οικ.66084/2011 "Invoicing of medicines"	Art. 5 par. 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	For the determination of the price of medicines it is necessary for the medicine to have established a price on the same type and content in at least 3 member states.	Prices	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.
146	Ministerial Decision ΔΥΓ35/οικ.66084/2011 "Invoicing of medicines"	Art. 6 par. 1	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Percentage of reduction of prices in case of expiration of patent. In case, the holder of trade license wants a bigger reduction, he has to apply to EOF.	Prices	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.
147	Ministerial Decision ΔΥΓ35/οικ.66084/2011 "Invoicing of medicines"	Art. 8 par. 1 & 4	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Determination of maximum net profit margins for medicines which are tradable only in Greece.	Prices	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.
148	Ministerial Decision Φ.700/95/82967Σ.415/2012 "Determination of percentage reduction of medicines in military pharmacies"	Art. 1 par. 1 a, (4) and par.1 (2)	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Determination of percentage of price reduction for medicines provided by military pharmacies.	Prices	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, we understand that public policy objectives imposed the relevant provision.	The restriction has limited scope for implementation and thus a limited impact on the overall market.	No recommendation for change.
149	L. 3054/2002 "Organisation of the oil market and other provisions"	Art. 20 par. 1	Fuel	Obligation for refineries to announce to RAE and the Minister of Development the ex factory prices and the real prices (minus sales/rebates) they charge retail gas stations.	Fuel/Retail level	The official recital mentions this notification is for the protection of competition rules.	This process constitutes an administrative cost for the companies but it is for the better monitoring of the market by the Competition and Energy authorities. Given that this information is for internal purposes, i.e. for the Minister/Ministry to observe the price levels and is not publicly announced in a way that becomes available to the competitors, this provision is not likely to harm competition. Moreover, this process takes place on a daily basis, hence, it is less likely to lead to price rigidities. Additionally, this provision makes the data available at any time thus giving the state the power to assess competition problems in the fuel industry which is crucial for the Greek economy. This faster instead of spending months trying to collect data via controls.	No recommendation for change on competition grounds. The provision constitutes an administrative burden and should be reviewed as such.
150	L. 1316/1983 "National Pharmaceutical Organization"	Art. 3 par. 2b	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	EOF opinion re price fixing and readjustment of prices of products falling under its competence.	Prices/pharmaceutical products	The objective is the establishment of a state body for the direct, permanent and effective protection of public health and the protection of the public interest in the sector of production, import and distribution.	The administrative determination of prices distorts market equilibrium and leads to inefficiencies. It may be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over-the-counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	Abolish for OTCs. The setting of prices of medicines characterised as over-the-counter substances and sold through retail channels should be liberalised.

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
151	Draft Market Regulations	Art. 13 par. 1	Framework legislation	Books, magazines, newspapers and fresh fruits and vegetables are excluded from this article. The article covers only packaged products.	Promotion sales	The official objective of the provision is as follows: the need to enhance the transparency of transactions and facilitate the conscious consumer's choice, through the clear and readable display of the economic benefit accruing from promotion, in order to improve the functioning of competition in the market. Books/magazines/newspapers are presumably excluded because at the time of the issue of MD 5/2011, which is copied in the draft, the prices of these products were (and some of them are still) regulated. Fresh fruits are presumably excluded due to the fact that their price varies and changes during the day, therefore the 2-month prohibition (see below) could not be implemented.	The exclusion of the specific products from restrictions on promotion sales does not appear to significantly harm competition, to the extent that these products do not appear to compete directly with products which are subject to the restriction.	No recommendation for change.
152	Draft Market Regulations	Art. 13 par. 8	Framework legislation	Market price (wholesale price) should not have been increased during the two (2) months preceding the start of the promotion.	Promotional sales	The official objective of the provision is to enhance the transparency of transactions and facilitate the conscious consumer's choice, through the clear and readable display of the economic benefit accruing from the promotion, in order to improve the functioning of competition in the market. Furthermore, this provision probably is to protect consumers from unreal promotions (i.e. the supplier increases the wholesale price and then launches a new promotional code for attracting consumer, but in fact the price ends equal or more expensive than before the initial increase).	The provision may have the unintended consequence of leading to price rigidity, as it acts as a barrier for retailers to reduce prices. It may lead suppliers and retailers to engage in practices that circumvent this provision (e.g. credit invoices) and therefore may not be as effective as the policy maker would hope. Finally, it attempts to regulate the relationship between supplier and retailer, which is a very contentious and unclear area for competition policy.	Abolish the provision and introduce a code of conduct providing guidelines on promotions and discounts more generally.
153	Draft Market Regulations	Art. 13 par. 9	Framework legislation	When for the purpose of promotions, the product is being sold within a multi-package, the main product should be sold individually as well.	Promotional sales	The official objective of the provision is to enhance the transparency of transactions and facilitate the conscious consumer's choice, through the clear and readable display of the economic benefit accruing from promotion, in order to improve the functioning of competition in the market. Furthermore, the purpose of this provision is probably for comparison reasons (i.e. consumers can compare the real benefit of the promotion) or consumer choice reasons (i.e. the consumer is not willing to buy a promotional code but just needs one product instead of paying more for 3 (1 product as a gift).	The provision constrains the suppliers' strategy in selling multi-unit packages and may potentially increase their costs (e.g. shelf space, packaging). In addition, the objective of increasing transparency can be achieved through the labels, indicating unit prices, which are displayed by retailers.	Abolish the provision and introduce a code of conduct providing guidelines on promotions and discounts more generally.
154	Previous: Draft Market Code, current Law 4177/2013 "Rules for market products and services etc"	Art. 5 par. 1	Framework Law	Only specific time periods for sales. Applies horizontally to all products. Cars excepted.	Sales/offers	The official objective of the current law (2 periods of season sales - L. 3557/2007 art. 13 (3)) is the better operation of the market. No justification is offered in the Draft Market Code from moving from 2 periods to 4.	Setting fixed periods for season sales across the entire country is likely to be excessively restrictive, as different regions may wish to set different periods (e.g. islands may find it more profitable to liquidate their stocks after the summer holidays). The effect may be to discourage price reductions in those areas of the country where retailers do not find it profitable to liquidate their stocks in the periods set by law.	The provision should be amended so that each retailer can freely determine time and duration of season sales.
155	Previous: Draft Market Code, current Law 4177/2013 "Rules for market products and services etc"	Art. 5 par. 2	Framework Law	Banned advertisement for a month before sales.	Sales/offers	According to the official recital of Law 3377/2005 (art. 12) the provision is issued for the protection of consumers and small businesses. The recital also explains that most companies build their commercial policy in sales and offers and this policy damages the consumer, who cannot observe the price differentiations and is led to buy. The objective of the provision is promote offers and seasonal sales that are real for the consumer.	It increases search costs for consumers, since they will need to spend some time during the sales periods to shop around to discover price information. This may reduce the intensity of competition during the sales period. It is also made obsolete by technology (e.g. retailers send text messages and emails, and it is unclear whether these are allowed or forbidden by the current version of the provision).	Explicitly repeal the provision.
156	Previous: Draft Market Code, current Law 4177/2013 "Rules for market products and services etc"	Art. 5 par. 3	Framework Law	Offers – percentages are not allowed	Sales/offers	The official objective is to eliminate the use of methods that can lead the consumer to purchase and mislead him regarding the difference between the price before and after.	The provision reduces the information available to consumers and therefore limits their ability to choose.	Abolish the provision and introduce a code of conduct providing guidelines on promotions and discounts more generally.
157	Previous: Draft Market Code, current Law 4177/2013 "Rules for market products and services etc"	Art. 5 par. 4	Framework Law	Only 10 days of offers. Exception for car exhibitions (60 days). General exception for groceries (issued for the first time in relation to the previous provision of art. 15 of L. 802/1978).	Sales/offers	According to the recital of the law, the objectives are to promote offers and seasonal sales that are real for the consumer, the protection of consumers and small businesses.	In conjunction with the restriction on the minimum number of days between offers it reduces the incentive to discount and leads to price rigidity.	Abolish the provision and introduce a code of conduct providing guidelines on promotions and discounts more generally.

Sector: RETAIL TRADE									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
158	Previous: Draft Market Code, current Law 4177/2013 "Rules for market products and services etc"	Art. 5 par. 5	Framework Law	New offer is banned for 60 days after the first offer. The offer is published on the site.	Sales/offers	Presumably the objective is to distinguish offers from season sales and to ensure that shops cannot use offers as a permanent activity of sales.	The provision limits the scope for communicating discounts and hampers the incentive to reduce prices, therefore leading to price rigidity.	Abolish the provision and introduce a code of conduct providing guidelines on promotions and discounts more generally.	
159	Previous: Draft Market Code, current Law 4177/2013 "Rules for market products and services etc"	Art. 5 par. 6	Framework Law	Notification of the offer (a day before) to the Secretariat General for consumer affairs and the website of the seller.	Sales/offers	The official objective of the provision is to ensure controls.	It imposes an administrative burden on retailers, while still arguably a lighter requirement compared to an earlier obligation to notify both the relevant Trade Association and Regional Authority only by fax. As such, it may discourage retailers from conducting offers and therefore lead to consumer detriment.	Abolish the provision and introduce a code of conduct providing guidelines on promotions and discounts more generally.	
160	Previous: Draft Market Code, current Law 4177/2013 "Rules for market products and services etc"	Art. 5 par. 6	Framework Law	This is the authorisation for the Minister to issue a decree in order to define outlets and stocks (see MD 1863/2005 as amended in 2008).	Sales/offers	No official objective.	No harm identified.	No recommendation for change.	
161	L. 802/1978 "Central markets and retails"	Art. 15	Street markets	See art. 5 of the Draft Market Code – same issues for offers and sales.	Sales/offers	Old provision - see above.	Old provision - see above.	Repealed by Law 4177/2013	
162	MD 1863/2005 "Stock and outlet stores"	Art. 1 par. 3	Stock and outlet stores	Outlets and stock shops can never make offers or sales.	Sales/offers	No official objective of the provision. Probably the restriction aims at distinguishing outlets and stock shops from other retailers. We note that, at the time when below cost pricing was forbidden, outlets and stock shops were allowed to sell below cost.	By restricting the marketing and pricing strategy of a certain category of retailers, the provision limits consumer choice.	Abolish the provision and introduce a code of conduct providing guidelines on promotions and discounts more generally.	
163	Circular 4476/2012 "Regarding the new Sanitary Regulation"	Art. 3	Sanitary	The person determined as "responsible" for the store of health interest should be educated (qualified with a certificate) and his education is taken into account for the licensing regarding the operation (EU Regulation determines that only persons responsible for food use should be educated).	Sanitary regulations	No official recital. In general the Ministerial Decree (as a whole) is being issued in order to be harmonised with the EU Regulation 852/2004 and in its majority copies the clauses of the regulation. The education for food handlers is essential and derives from the EU legislation. However, this should not be a prerequisite for the licensing of the store.	A new amendment to this circular is being drafted (amendment of the JMD 21220/2011) by the Ministry of Health in order to determine that the certificate exists when control takes place but is not a prerequisite for the licensing. In any case, the current version creates costly bureaucratic procedures to start a new business and reduces incentives to enter the market; it is unusual for an operator to proceed with his education before being sure that the store has a licence to operate.	No recommendation for change on competition grounds. However, the provision constitutes an administrative burden and should be reviewed as such.	
164	MD 96967/2012 "Sanitary Regulation"	Art. 11	Sanitary	Licensing for vending machines	Sanitary regulations	There is no official recital; it is our understanding that the provision has probably been inserted for monitoring purposes.	Compared to the previous legal framework that required two licences, one for the vending operator and one for the user (for the placement of the machine), the new system requires only the first one, not for every vending machine but for the business itself. Therefore, the current provision does not impose barrier to entry but possibly an administrative burden for the vending operator.	No recommendation for change.	
165	MD 96967/2012 "Sanitary Regulation"	Art. 18	Sanitary	Licensees of health interest (whose licence has been issued under the old sanitary regulation) should operate under the new sanitary regulation. Only changes to buildings are exempt from this requirement.	Sanitary regulations	There is no official recital; Probably to prevent existing businesses from building changes that are either costly or impossible.	This provision creates differentials between old operators and new entrants. However, given the current sanitary controlling system, the Control Authority checks if the requirements are met and defines what should be done. Therefore, if a building change is impossible to complete, this will be interpreted by the competent authority and not by the operator and hence create obstacles or barriers to entry.	No recommendation for change	
166	MD 96967/2012 "Sanitary Regulation"	Art. 18	Sanitary	Obtained rights, granted before the issue of the new sanitary regulation, shall not be affected (e.g. maximum seats in HORECA).	Sanitary regulations	There is no official recital; It is our understanding that the provision has probably been inserted to prevent existing businesses from building changes that are either costly or impossible.	Further to our investigation, today it is easier to obtain such rights, i.e. number of seats covering a part of the sidewalk (current rate 1.20 versus 1.40 before). In this sense the incumbent is not treated in a preferential way compared to new entries; it is only a provision for preventing double procedures.	No recommendation for change	
167	MD 96967/2012 "Sanitary Regulation"	Art. 18	Sanitary	When a store has applied for a licence before the new sanitary regulation, and the licence issue is pending, the decision of the local authority can be based on the previous requirements for the obligatory minimum spaces, if the new requirements are stricter.	Sanitary regulations	There is no official recital; It is our understanding that the provision has probably been inserted to prevent existing businesses from building changes that are either costly or impossible.	Further to our investigation with the competent Ministry of Health, this provision means a pending application can proceed with the pre-approval obtained before the new regulation. This pre-approval is valid for 1 year and the Ministry of Health drafts an amendment to diminish it in certain months.	No recommendation for change	
168	MD 96967/2012 "Sanitary Regulation"	Art. 3	Sanitary	Stores of health interest should have locker rooms. (EU Regulation determines this obligation if necessary).	Sanitary regulations	There is no official recital; it is our understanding that the provision has been inserted for food safety reasons.	Small closets are allowed; it is a minor cost that is proportionate to the intended purpose.	No recommendation for change	

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
169	L. 1316/1983 "National Pharmaceutical Organization"	Art. 11 par. 1	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Imposition of special fee for the import, trading, etc. in favour of EOF of products falling into EOF's competencies.	Trading	It was not possible to identify the official objective of the provision. Based on international practice, we understand that independent authorities are often funded, inter alia, by fees charged to the companies they oversee. These fees contribute to the funding of the authorities in order to reduce their reliance on the central budget of the state and enhance their independent status.	Third-party fees imposed on prices distort consumer choice and create inefficiencies. In addition, the obligation of the state to collect these fees and to transfer the amounts to third-parties reduces the transparency of the public finances, impeding their effective control.	No recommendation for change on competition grounds. However, the provision constitutes an administrative burden and should be reviewed as such.
170	L. 1316/1983 "National Pharmaceutical Organization"	Art. 29 par.2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The holders of a supply licence have the obligation to ensure sufficient supply in the market. If the licence holders are not in a position to do so, they should notify EOF 3 months in advance.	Trading	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	Potentially an administrative burden.	No recommendation for change on competition grounds. However, the provision constitutes an administrative burden and should be reviewed as such.
171	L. 1316/1983 "National Pharmaceutical Organization"	Art. 3 par. 10	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Authorisation to EOF to determine the standards of products falling under its competence for their approval, import, production, trade.	Trading	The objective is the establishment of a state body for the direct, permanent and effective protection of public health and the protection of the public interest in the sector of production, import and distribution.	Given the particular nature of medicines and the risks involved in their consumption, the existence of a regulatory body is justified.	No recommendation for change.
172	L. 1965/1991 "Amendment and complementation of provisions of National Organization of Drugs"	Art. 1 par. 5 & 6	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Authorisation to the Minister to determine the terms of trading of pharmaceuticals and relevant products.	Trading	The objective is the effective protection of public health and the protection of the public interest in the sector of production, import and distribution.	The administrative determination of prices and other trade terms distorts market equilibrium and leads to inefficiencies. It can be justified for products, such as prescription medicines, which are sold solely through pharmacies to control their misuse in case of oversupply. However, price controls for products that can be sold over the counter in outlets other than pharmacies and whose expenditure is not covered by health insurance funds is not justified. Pricing below the market equilibrium leads to a lack of supply, while pricing above the market equilibrium reduces the consumer surplus.	The authorisation should apply only for prescribed medicines and not for relevant products, i.e OTCs, food supplements, dietary products. The trading of such products should be liberalised.
173	L. 1965/1991 "Amendment and complementation of provisions of National Organization of Drugs"	Art. 9 par. 7	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Exclusive right to pharmacies to sell OTC medicines	Trading	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	The exclusive sale of OTCs through pharmacies reduces substantially the network of retail outlets that can supply OTC medicines in the market. This translates into more time in travelling to an outlet and more time spent waiting to be served. The harm in terms of time travel and waiting time can also be substantial - lifting the entry regulations in the UK pharmacy sector led to annual savings of GBP 16.4-24.5 million in time travel and GBP 3.3 million in waiting times (OFT, 2010). Meanwhile, given that alternative retail outlets, such as supermarkets, can achieve substantial economies of scale, compared with pharmacies, the restriction also substantially reduces the benefits from price liberalisation.	Abolish. The sale of medicines, characterised as OTCs due to the low risk of self-medication from their use, should also be allowed in retail outlets other than pharmacies. One option to further reduce the risks from self-medication, is to impose the obligation that the OTC products are sold in a dedicated space in the retail outlets. The dedicated space should contain clearly visible signage that warns against the imprudent self-use of medicines. The risks from self-medication can be further limited by restricting the sale of relatively riskier OTCs to stores specialised for this purpose (parapharmacies and in-store pharmacies in supermarkets and in other retail outlets) and supervised by a pharmacist.
174	L. 3668/2008 "Review of the Market Code"	As an entity	Framework Law	The only thing that should be noted about L. 3668/2008 is that it defines a large number of authorities is responsible for controls. Same thing for MD 5900/2008.	Trading	The objective of the law is to review the old provisions regarding the controls and penalties of the Market Code Regulation.	It may create uncertainty and extra cost for the companies.	No recommendation for change
175	L. 3918/2011 "Public procurements-pharmacies etc."	Art. 36 par. 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Operation hours of the pharmacies. The pharmacies may operate during afternoons from Monday to Saturday upon notification of the operation hours to the respective Pharmacists Association and the Prefecture 2 times per year. The extended operation hours of a pharmacy should coincide with out-of-hours service (εφημερία).	Trading	The objective is unobstructed access to the pharmaceutical profession and easy access of patients to pharmacies. The pharmacies may operate on Mondays, Wednesdays and Saturdays so as to serve the patients in the most appropriate way.	Diseconomies of scale (for pharmacist): Pharmacists are forced to close earlier than desired and suffer from excess capacity since capital and human capital investment are not fully utilised. Also, being forced to close during specific hours or days impedes the pharmacists from managing their stock of drugs better. Search cost (for consumers): The consumers have to spend more time searching for an open pharmacy. Congestion cost (for consumers): Having fewer open pharmacies implies longer queues at the till. Income loss (for employees): There is an opportunity cost for those employees who prefer to work outside the regulated hours, due to the higher premium wage rate available to them at these times. Administrative costs: It is difficult for a pharmacist to programme the opening hours of its pharmacy as well as the appropriate stock of drugs needed a long time in advance.	Retain the operation hours under the current procedure (i.e. the operation hours as defined by the Municipality) and the system of out-of-hours service. However, pharmacies should be free to operate with flexible operation hours (outside the compulsory time schedule and the out-of-hours service). Abolish the provision regarding the coincidence of the flexible operation hours of pharmacies with the out-of-hours service and disconnect completely the flexible operation hours of pharmacies from the out-of-hours service. Abolish the provision of notification of the flexible operation hours to the Pharmacists Association and the Prefecture and abolish the provision with regard to the imposition of sanctions on pharmacies for non implementation of flexible operation hours.

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176	L. 5607/1932 "Foundation and operation of pharmacies"	Art. 37 par. 1 & 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	The storage and further sale of pharmaceutical products is not allowed to agents.	Trading	The objective is to prevent the agents of pharmaceutical products from being transformed, through storage and sale of medicines for their own purposes, into uncontrolled pharmaceutical warehouses.	The exclusive sale of OTCs through pharmacies reduces substantially the network of retail outlets that can supply OTC medicines in the market. This translates to more time in travelling to an outlet and more time spent waiting to be served. The harm in terms of time travel and waiting time can also be substantial – lifting the entry regulations in the UK pharmacy sector led to annual savings of GBP 16.4-24.5 million in time travel and GBP 3.3 million in waiting times (OFT, 2010). Meanwhile, given that alternative retail outlets, such as supermarkets, can achieve substantial economies of scale, compared with pharmacies, the restriction also reduces substantially the benefits from price liberalisation.	Abolish for OTCs. The sale of medicines, characterised as OTCs due to the low risk of self-medication from their use, should also be allowed in retail outlets other than pharmacies. One option to reduce further the risks from self-medication, is to impose the obligation that the OTC products are sold in a dedicated space in the retail outlets. The dedicated space should contain clearly visible signage that warns against the imprudent self-use of medicines. The risks from self-medication can be further limited by restricting the sale of relatively riskier OTCs to stores specialised for this purpose (parapharmacies and in-store pharmacies in supermarkets and in other retail outlets) and supervised by a pharmacist.	
177	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 12 par. 1 & 2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Obligation to producers, distributors and wholesalers of pharmaceutical products to sell their products to specific retailers i.e. pharmacies and to store other products than the ones they import.	Trading	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	The exclusive sale of OTCs through pharmacies reduces substantially the network of retail outlets that can supply OTC medicines in the market. This translates to more time in travelling to an outlet and more time spent waiting to be served. The harm in terms of time travel and waiting time can also be substantial – lifting the entry regulations in the UK pharmacy sector led to annual savings of GBP 16.4-24.5 million in time travel and GBP 3.3 million in waiting times (OFT, 2010). Meanwhile, given that alternative retail outlets, such as supermarkets, can achieve substantial economies of scale, compared with pharmacies, the restriction also reduces substantially the benefits from price liberalisation.	Abolish. The sale of medicines, characterised as OTCs due to the low risk of self-medication from their use, should also be allowed in retail outlets other than pharmacies. One option to reduce further the risks from self-medication, is to impose the obligation that the OTC products are sold in a dedicated space in the retail outlets. The dedicated space should contain clearly visible signage that warns against the imprudent self-use of medicines. The risks from self-medication can be further limited by restricting the sale of relatively riskier OTCs to stores specialised for this purpose (parapharmacies and in-store pharmacies in supermarkets and in other retail outlets) and supervised by a pharmacist.	
178	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 13 par.2	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Pharmaceutical, cosmetic and dietary products should be sold in specific sections in stores with relevant activity.	Trading	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	The exclusive sale of OTCs through pharmacies reduces substantially the network of retail outlets that can supply OTC medicines in the market. This translates to more time in travelling to an outlet and more time spent waiting to be served. The harm in terms of time travel and waiting time can also be substantial – lifting the entry regulations in the UK pharmacy sector led to annual savings of GBP 16.4-24.5 million in time travel and GBP 3.3 million in waiting times (OFT, 2010). Meanwhile, given that alternative retail outlets, such as supermarkets, can achieve substantial economies of scale, compared with pharmacies, the restriction also reduces substantially the benefits from price liberalisation.	Abolish. The sale of medicines, characterised as OTCs due to the low risk of self-medication from their use, should also be allowed in retail outlets other than pharmacies. One option to reduce further the risks from self-medication, is to impose the obligation that the OTC products are sold in a dedicated space in the retail outlets. The dedicated space should contain clearly visible signage that warns against the imprudent self-use of medicines. The risks from self-medication can be further limited by restricting the sale of relatively riskier OTCs to stores specialised for this purpose (parapharmacies and in-store pharmacies in supermarkets and in other retail outlets) and supervised by a pharmacist.	
179	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 17 par. 7a	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Exclusive supply of OTCs by pharmacies	Trading	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	The exclusive sale of OTCs through pharmacies reduces substantially the network of retail outlets that can supply OTC medicines in the market. This translates to more time in travelling to an outlet and more time spent waiting to be served. The harm in terms of time travel and waiting time can also be substantial – lifting the entry regulations in the UK pharmacy sector led to annual savings of GBP 16.4-24.5 million in time travel and GBP 3.3 million in waiting times (OFT, 2010). Meanwhile, given that alternative retail outlets, such as supermarkets, can achieve substantial economies of scale, compared with pharmacies, the restriction also reduces substantially the benefits from price liberalisation.	Abolish. The sale of medicines, characterised as OTCs due to the low risk of self-medication from their use, should also be allowed in retail outlets other than pharmacies. One option to reduce further the risks from self-medication, is to impose the obligation that the OTC products are sold in a dedicated space in the retail outlets. The dedicated space should contain clearly visible signage that warns against the imprudent self-use of medicines. The risks from self-medication can be further limited by restricting the sale of relatively riskier OTCs to stores specialised for this purpose (parapharmacies and in-store pharmacies in supermarkets and in other retail outlets) and supervised by a pharmacist.	

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
180	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 7 par. 1b	Retail sale of other goods in specialised stores: PHARMACEUTICAL S-COSMETICS-DIETARY SUPPLEMENTS	Obligation of the same company to produce only one product of the same chemical substance.	Trading	Abolished by MD 322210/2013 on production and trade of medicines.	Abolished by MD 322210/2013 on production and trade of medicines.	Abolished by MD 322210/2013 on production and trade of medicines.
181	Legislative Decree 96/1973 "Commerce of pharmaceutical, dietary and cosmetics"	Art. 8 par. 2	Retail sale of other goods in specialised stores: PHARMACEUTICAL S-COSMETICS-DIETARY SUPPLEMENTS	In order for the companies to import a formulation, the latter should be substantially original.	Trading	Abolished by MD 322210/2013 on production and trade of medicines.	Abolished by MD 322210/2013 on production and trade of medicines.	Abolished by MD 322210/2013 on production and trade of medicines.
182	Ministerial Decision A6/4171/1987 "Parallel imports of pharmaceutical products"	Art. 4	Retail sale of other goods in specialised stores: PHARMACEUTICAL S-COSMETICS-DIETARY SUPPLEMENTS	The importer should notify EOF OF each amendment of the package of the pharmaceutical formulation and of the producer of the product or the product itself and this amendment is subject to prior authorisation from EOF.	Trading	EU legislation- art. 6 MD 82161/2012 in compliance with Directive 2001/83/EC art. 6.	EU legislation- art. 6 MD 82161/2012 in compliance with Directive 2001/83/EC art. 6.	No recommendation for change.
183	Ministerial Decision A6/4171/1987 "Parallel imports of pharmaceutical products"	Art.2	Retail sale of other goods in specialised stores: PHARMACEUTICAL S-COSMETICS-DIETARY SUPPLEMENTS	Conditions for the parallel import of a pharmaceutical formulation include: the imported product should be identical to a product already traded in Greece and not differ, as per its therapeutic result, with the product already traded in Greece, to be produced by the same producers or factory that belongs to the same group of companies, to have the same name with the product already traded in another member state.	Trading	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	The provision may constitute a barrier to entry for new suppliers since the requirements on parallel imports of medicines are stricter than those provided by the European provisions, may limit the suppliers which may lead to higher prices and provide less variety of products. The European Commission in its Communication COM(2003)839 notes that the simplified procedure of parallel imports is justified by the fact that the product in question has already received a marketing authorisation on the basis of full technical information. To qualify for this simplified procedure, the Commission requires that the parallel imported medicinal product satisfies two conditions: it has been granted a marketing authorisation in the Member State of origin and is sufficiently similar to the product that has already received marketing in the Member State of the destination. The similarity between the two products is considered to be sufficient when the two products have been manufactured according to the same formulation, using the same active ingredient and have the same therapeutic effects.	The provision should be amended and brought in line with European provisions and jurisprudence.
184	Ministerial Decision Y3/3211/2000 "Dietary products for medical purposes"	Art. 6 par. 1	Retail sale of other goods in specialised stores: PHARMACEUTICAL S-COSMETICS-DIETARY SUPPLEMENTS	Obligation for the producer or/and the importer to pay a fee to EOF for each notification of a dietary product for special purposes.	Trading	It was not possible to identify the official objective of the provision. Based on international practice, we understand that independent authorities are often funded, inter alia, by fees charged to the companies they oversee. These fees contribute to the funding of the authorities in order to reduce their reliance on the central budget of the state and enhance their independent status.	Unreasonably high fees can limit the availability of dietary products on the market. The fee must be contributive.	No recommendation for change on competition grounds. However, the provision constitutes an administrative burden and should be reviewed as such.
185	Ministerial Decision Y3/3211/2000 "Dietary products for medical purposes"	Art. 6 par. 2	Retail sale of other goods in specialised stores: PHARMACEUTICAL S-COSMETICS-DIETARY SUPPLEMENTS	Exclusive supply of dietary products for special purposes by pharmacies.	Trading	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	The exclusive sale of dietary products through pharmacies reduces substantially the network of retail outlets that can supply these products in the market. This translates to more time in travelling to an outlet and more time spent waiting to be served. Meanwhile, given that alternative retail outlets, such as supermarkets, can achieve substantial economies of scale, compared with pharmacies, the restriction also increases prices.	Abolish the provision.
186	Ministerial Decision Y6/10170/1995 "Trade of food supplements"	Art. 2 par. 1	Retail sale of other goods in specialised stores: PHARMACEUTICAL S-COSMETICS-DIETARY SUPPLEMENTS	In order to trade a food supplement, the law provides for a prior notification and approval by EOF.	Trading	Abolished by MD 97018/2012	Abolished by MD 97018/2012.	Abolished by MD 97018/2012.
187	Ministerial Decision Y6/10170/1995 "Trade of food supplements"	Art. 2 par. 2	Retail sale of other goods in specialised stores: PHARMACEUTICAL S-COSMETICS-DIETARY SUPPLEMENTS	The food supplements are exclusively supplied by pharmacies.	Trading	Abolished by MD 97018/2012	Abolished by MD 97018/2012.	No recommendation for change.
188	Ministerial Decision Y6/10170/1995 "Trade of food supplements"	Art. 4a	Retail sale of other goods in specialised stores: PHARMACEUTICAL S-COSMETICS-DIETARY SUPPLEMENTS	Parallel import of food supplement is permitted upon prior approval of EOF. The product should be traded legally in one member state, should have trade licence from EOF, should be identical to the product already traded in Greece and should be produced by the same producer or the same group of companies, as the product already approved in Greece.	Trading	Abolished by MD 97018/2012	Abolished by MD 97018/2012.	No recommendation for change.

Sector: RETAIL TRADE									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
189	Ministerial Decision Δ.ΥΓ3(a)/127858/2004 "Conditions for the free trade of OTCs"	Art. 1, A.1	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Exclusive supply of OTCs by pharmacies	Trading	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	The exclusive sale of OTCs through pharmacies reduces substantially the network of retail outlets that can supply OTC medicines in the market. This translates to more time in travelling to an outlet and more time spent waiting to be served. The harm in terms of time travel and waiting time can also be substantial – lifting the entry regulations in the UK pharmacy sector led to annual savings of GBP 16.4-24.5 million in time travel and GBP 3.3 million in waiting times (OFT, 2010). Meanwhile, given that alternative retail outlets, such as supermarkets, can achieve substantial economies of scale, compared with pharmacies, the restriction also substantially reduces the benefits from price liberalisation.	Abolish. The sale of medicines, characterised as OTCs due to the low risk of self-medication from their use, should also be allowed in retail outlets other than pharmacies. One option to reduce further the risks from self-medication, is to impose the obligation that the OTC products are sold in a dedicated space in the retail outlets. The dedicated space should contain clearly visible signage that warns against the imprudent self-use of medicines. The risks from self-medication can be further limited by restricting the sale of relatively riskier OTCs to stores specialised for this purpose (parapharmacies and in-store pharmacies in supermarkets and in other retail outlets) and supervised by a pharmacist.	
	Ministerial Decision ΥΓ3α/Γ.Π.32221/2013 "Production and trade of medicines"	Art. 116		Exclusive supply of OTCs through internet only by pharmacies.		It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	Pharmacies that supply OTCs through the internet would not have as strong incentives as other channels to reduce prices under a liberalised price regime.	Abolish. The sale of medicines, characterised as OTCs due to the low risk of self-medication from their use, should also be allowed in retail outlets other than pharmacies. One option to reduce further the risks from self-medication, is to impose the obligation that the OTC products are sold in a dedicated space in the retail outlets. The dedicated space should contain clearly visible signage that warns against the imprudent self-use of medicines. The risks from self-medication can be further limited by restricting the sale of relatively riskier OTCs to stores specialised for this purpose (parapharmacies and in-store pharmacies in supermarkets and in other retail outlets) and supervised by a pharmacist.	
190	Ministerial Decision Δ.ΥΓ3(a)/127858/2004 "Conditions for the free trade of OTCs"	Art. 1, A.4.1	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	An OTC, in order to circulate in the Greek market as such, should be circulated as an OTC in at least 5 Member States.	Trading	It was not possible to identify the objective of the provision from the relevant piece of legislation. However, from communication with the Ministry of Health we understand that the objective is the traceability and the protection of public health.	This restriction reduces the availability of OTCs in the Greek market. The restriction also creates a major disincentive for innovation by Greek manufacturers.	Abolish. The decision whether a pharmaceutical product can be sold over the counter should be based on analysis of the scientific committee of EOF, without additional restrictions regarding its status in other EU countries. One further recommendation, to speed up the approval process, is that a substance should be categorised as OTC in Greece if it is supplied in at least 3 other EU countries as OTC, unless EOF provides a reasoned rejection.	
191	Ministerial Decision ΔΥΓ3/109282/2011 "Working hours of pharmacies"	Unique article	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Obligation for pharmacists wishing to operate under extended operation hours, to notify to the respective Pharmacists Association until 20th October and such declaration is binding, otherwise it entails sanctions. On the contrary, the operation hours of pharmacies in tourist areas may differ upon proposal of the respective Pharmacist Association and approval of the Prefecture.	Trading	The objective is to protect public health and to ensure easy access of consumers to pharmacies.	Diseconomies of scale (for pharmacist): Pharmacists are forced to close earlier than desired and suffer from excess capacity since capital and human capital investment are not fully utilised. Also, being forced to close specific hours or days impedes the pharmacists from managing their stock of drugs better. Search cost (for consumers): The consumers have to spend more time searching for an open pharmacy. Congestion cost (for consumers): Having fewer open pharmacies implies longer queues at the till. Income loss (for employees): There is an opportunity cost for those employees who prefer to work outside the regulated hours, due to the higher premium wage rate available to them at these times. Administrative costs: It is difficult for a pharmacist to programme the opening hours of a pharmacy as well as the appropriate stock of drugs needed long time in advance. Discrimination: Against pharmacists who do not operate in a tourist location.	Abolish the provision of notification of the operation hours to the Pharmacists Association.	
192	Ministerial Decision Υ1/Γ.Π.127962/03/2004 "Food supplements"	Art. 10a	Retail sale of other goods in specialised stores: PHARMACEUTICALS-COSMETICS-DIETARY SUPPLEMENTS	Exclusive supply of food supplements by pharmacies.	Trading	The objective is the effective protection of public health through the control of food supplements which fulfil the conditions of the legislation, given that the only procedure provided by the EU Directive is the notification to the competent body.	The exclusive sale of food supplements through pharmacies substantially reduces the network of retail outlets that can supply these products in the market. This translates to more time in travelling to an outlet and more time spent waiting to be served. Meanwhile, given that alternative retail outlets, such as supermarkets, can achieve substantial economies of scale, compared with pharmacies, the restriction also increases prices.	Abolish the provision.	

Sector: RETAIL TRADE								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
193	ΔΥΓ6/Γ.Π.οικ. 82881 Circular on “Implementation of the legal opinion of the Legal Council of the State regarding the points of sale on tobacco products”, signed by the Deputy Minister and published on 5-9- 2013.		Tobacco shops - kiosks - protection of war handicaps	The circular interprets the Law in a different way than the existing legal framework of liberalisation. It resets the exhaustive lists of points of sale (numerus clausus).	Trading	The objective is based on the 151/2013/26-3-2013 legal opinion of the Legal Council of the State and the protection of public health (especially by preventing minors from easily accessing tobacco products).	The recent Circular limits the points of sale and hence the suppliers of tobacco products. Furthermore, the interpretation of an exhaustive determination of the points of sale, limits the ability of some types of suppliers to provide (and sell) tobacco products. Such restrictions of limiting the number or range of suppliers (e.g. by requiring a licence, granting exclusive rights) and the resulting decline in rivalry can reduce incentives to meet consumer demands (e.g. consumer would like to buy tobacco from another point of sale). Additionally, given the different interpretation of the legal opinion and hence the Circular request compared to the current legal framework, it is difficult for a potential entry to understand what is regulated. Therefore, the complexity of the above-mentioned regulation, and the question of the Circular lack of legal (and typical) force compared to the Law, create legal uncertainty and discourage potential operators from entering the market.	Abolish the Circular.

Sector: BUILDING MATERIALS									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
1	Draft Ministerial Decision on cement	Art. 2 par. 2	Cement	Silos must have a capacity of at least 500 tonnes.	Dispatching centres	The objective is to avoid the segmentation of the received quantity with the same means of transport in many smaller silos because in this case issues of homogenisation may arise.	The provision may constitute a barrier to entry for small suppliers, it may entail extra cost for them, may limit the investments and the number of suppliers.	Abolish.	
	Draft Ministerial Decision on cement	Art. 1	Cement	Transfer of bulk cement or big bags, produced in member countries of the European Union and distributed by intermediaries (apart from the producers) or the bulk cement produced in third countries, is made through dispatching centres located in Greece.	Dispatching centres	The control of the quality of cement is very important for the safety of constructions, taking into consideration the specificities of the Greek landscape. Additionally, cement is a dangerous product for health. The objective is the proper use of CE marking, the proper control of the cement market and the facilitation of controls. Depositing big bags in dispatching centres is required for safety reasons, for the protection of environment, for ensuring the quality of the cement and for traceability reasons (first in first out).	The provision may constitute a barrier to entry for new suppliers, limit the number of suppliers, create potential market dominance of the incumbents and lead to higher prices.	Abolish the requirement for a dispatching centre in cases where the bulk cement is transferred through a sealed means of transport, e.g. sealed ship or silo truck, it originates from a Member State, irrespectively of who is the dispatcher, i.e. if he is a producer or an intermediary of another Member State, and the product is destined for own use, e.g. for the manufacturer of other construction products, and no further supply. It is advised the abolishment of the requirement for a dispatching centre for cement packaged in big bags in case where the big bag is sealed, it is destined for own use or for further supply. In this last case, the big bag should not be unpackaged and repackaged, since any further processing, i.e. repackaging, constitutes intervention in the quality of the cement and breach of the quality chain and would require the establishment of a dispatching centre.	
2	Ministerial Decision 1135/42/2009 263/B Amendment of Joint Ministerial Decision 21720/241/2003 "Surveillance and inspections of cement dispatching centres"	Art. 1	Cement	Transfer of bulk cement or big bags, produced in member countries of the European Union and distributed by intermediaries (apart from the producers) or the bulk cement produced in third countries, is made through dispatching centres located in Greece.	Dispatching centres	The control of the quality of cement is very important for the safety of constructions, taking into consideration the specificities of the Greek landscape. Additionally, cement is a dangerous product for health. The objective is the proper use of CE marking, the proper control of the cement market and the facilitation of controls. Depositing big bags in dispatching centres is required for safety reasons, for the protection of environment, for ensuring the quality of the cement and for traceability reasons (first in first out).	The provision may constitute a barrier to entry for new suppliers, limit the number of suppliers, create potential market dominance of the incumbents and lead to higher prices.	Abolish the requirement for a dispatching centre in cases where the bulk cement is transferred through a sealed means of transport, e.g. sealed ship or silo truck, it originates from a Member State, irrespectively of who is the dispatcher, i.e. if he is a producer or an intermediary of another Member State, and the product is destined for own use, e.g. for the manufacturer of other construction products, and no further supply. It is advised the abolishment of the requirement for a dispatching centre for cement packaged in big bags in case where the big bag is sealed, it is destined for own use or for further supply. In this last case, the big bag should not be unpackaged and repackaged, since any further processing, i.e. repackaging, constitutes intervention in the quality of the cement and breach of the quality chain and would require the establishment of a dispatching centre.	
3	Ministerial Decision 1135/42/2009 263/B Amendment of Joint Ministerial Decision 21720/241/2003 "Surveillance and inspections of cement dispatching centres"	Art. 1 par.3	Cement	a) Dispatching centres must have sufficient capacity to guarantee the delivery of all transferred quantities transferred with the same means of transportation. b) Dispatching centres must also have separate areas for receiving and storing different types of cement.	Dispatching centres	The objective of the provision is to avoid the segmentation of the received quantity and to ensure that the whole quantity will be stored adequately in order to safeguard the quality of the cement.	a) According to the provision, all quantities that arrive by any means of transport should be stored in dispatching centres in order to be tested (when required by law). The provision has the meaning that no quantity should be left outside of a dispatching centre e.g. outdoors. We understand that this does not mean that the total quantity cannot be stored in different dispatching centres. Thus no harm to competition has been identified. b) No harm to competition.	a) No recommendation for change b) The requirement is already covered by the EN 197-2 Standard and it does not add anything new. Abolish.	
4	Ministerial Decision 21720/241/2003 Surveillance and inspections of cement dispatching centres	Art. 1	Cement	Transfer of bulk cement, produced in member countries of the European Union and distributed by intermediaries (apart from the producers) or the bulk cement produced in third countries, is made through dispatching centres located in Greece.	Dispatching centres	The control of the quality of cement is very important for the safety of constructions, taking into consideration the specificities of the Greek landscape. Additionally, cement is a dangerous product for health. The objective is the proper use of CE marking, the proper control of the cement market and the facilitation of controls. Depositing big bags in dispatching centres is required for safety reasons, the protection of environment, for ensuring the quality of the cement and for traceability reasons (first in first out).	The provision may constitute a barrier to entry for new suppliers, limit the number of suppliers, create potential market dominance of the incumbents and lead to higher prices.	The abolishment of the requirement for a dispatching centre in cases where the bulk cement is transferred through a sealed means of transport, e.g. sealed ship or silo truck, it originates from a Member State, irrespectively of who is the dispatcher, i.e. if he is a producer or an intermediary of another Member State, and the product is destined for own use, e.g. for the manufacturer of other construction products, and no further supply.	

Sector: BUILDING MATERIALS									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
5	Special regulation on surveillance and inspections of cement dispatching centres		Cement	Transfer of bulk cement, produced in member countries of the European Union and distributed by intermediaries (apart from the producers) or the bulk cement produced in third countries, is made through dispatching centres located in Greece.	Dispatching centres	The control of the quality of cement is very important for the safety of constructions, taking into consideration the specificities of the Greek landscape. Additionally, cement is a dangerous product for health. The objective is the proper use of CE marking, the proper control of the cement market and the facilitation of controls. Depositing big bags in dispatching centres is required for safety reasons, the protection of environment, for ensuring the quality of the cement and for traceability reasons (first in first out).	The provision may constitute a barrier to entry for new suppliers, limit the number of suppliers, create potential market dominance of the incumbents and lead to higher prices.	The abolition of the requirement for a dispatching centre in cases where the bulk cement is transferred through a sealed means of transport, e.g. sealed ship or silo truck, it originates from a Member State, irrespectively of who is the dispatcher, i.e. if he is a producer or an intermediary of another Member State, and the product is destined for own use, e.g. for the manufacturer of other construction products, and no further supply.	
6	Law 1428/1984 "Quarries-licences for exploitation"	Art. 3 par. 2	Mines/quarries	In order to obtain a licence for the exploitation of a quarry, the use of the area where the quarry would be located should be defined. If said area is not defined, the person interested in the investment should submit an application for determination of the quarry area to the competent Prefecture following an application fee.	Establishment/licensing	The objective of this provision is to address the problems that arise from the excessive use and exploitation of quarries and the subsequent environmental issues.	No harm to competition has been identified from the specific provision. However, the general problem remains the lack of definition of land uses in a large part of the country. Had it not been the case, the benefits not only to competition (more transparent and clear rules minimise the risks taken by new industries and therefore lower barriers to entry), but to the Greek economy on many different levels would be considerable. In any case, this falls outside the scope of a competition assessment exercise and calls for a broader policy intervention.	No recommendation for change.	
7	Law 3054/2002 Organisation of the oil market and other provisions	Art. 6 par 5	Asphalt	The legal person must have a minimum share capital of EUR 500 000 so as to be granted a licence to trade asphalt.	Extra cost	The objective is to ensure the financial capacity and sustainability of the companies trading oil products, taking into consideration the high value of these products.	Barrier to entry for small suppliers since it raises the entry costs. The provision may limit the number of suppliers and lead to higher concentration in the relevant market and possibly to higher prices.	Abolish.	
8	Law 3054/2002 Organisation of the oil market and other provisions	Art. 6 par 5	Asphalt	The minimum amount of storage space in order to trade asphalt must be of 2 000 m3.	Extra cost	It was not possible to identify the objective of the provision. However, to our understanding, the objective is to ensure sufficient supply of the specific product.	Barrier to entry for small suppliers since it raises the entry costs. The provision may limit the number of suppliers and lead to higher concentration in the relevant market and possibly to higher prices.	Abolish.	
9	Law 1428/1984 "Quarries-licences for exploitation"	Art. 12 par.1 & 2	Mines/quarries	An operation licence is necessary for the machines processing the raw materials. The duration is 15 years and cannot be longer than the lease agreement or the exploitation licence.	Licensing	The objective of the provision is the elimination of differences in the duration between operation licence and exploitation licence or lease agreement.	While the provision constitutes an administrative burden we have no evidence of distortion of competition.	The operation licence should follow the duration of the lease agreement (for public quarries) or of the exploitation licence (for private quarries) in case they are prolonged. In this case the installation licence should be extended automatically.	
10	Law 669/1977 "Quarries-licences for exploitation"	Art. 4 par. 3	Mines/quarries	The exploitation licence for marble quarries is granted as a single area for a minimum surface of 20 000 m2 and a maximum surface of 100 000 m2.	Licensing	We understand from the Ministry of Environment that the objective of the provision is to limit the commitment of big quarry areas which would lead to significant environmental impact. Following communication with the Ministry of Environment, we understand that it is allowed to join neighbouring marble quarries (applies to both private and public). The minimum area for exploitation of marbles is set at 20 000 m2 because this surface is considered to be the lowest scale needed for exploitation.	The minimum and maximum scale of a marble quarry constitutes a barrier to entry which possibly discourages potential entrants, reduces the number of suppliers and may lead to higher prices. The maximum surface set by this provision appears proportionate to the objective of protecting the environment in cases of direct assignment of exploitation, where a prior exploitation licence has been issued. Its potential impact is mitigated by the fact that the exploiter of neighbouring quarries can join them into one.	Abolish the provision as per the minimum area of the exploitation of marble quarries and the maximum area with reservation to art. 11 par.1a), par. 2 and art. 17 of Presidential Decree 285/1979 for which the restriction should remain.	
11	Ministerial Decision Δ7/oik.24023/4220/20 11 "Amendment of JMD Δ7/A/ΦΙ/12901/580/26-6-1997 'Re-adjustment of the amount of State fees and royalties provided for in the legislation on mines (Government Gazette 574/B)."	Unique article	Mines/quarries	Determination of fees paid under L. 210/1973, i.e. fee of EUR 10 000 to apply for the concession of a mine, letter of guarantee of EUR 20 000 to apply for a concession of up to 5 km2, letter of guarantee of EUR 30 000 to apply for a concession of over 5 km2.	Licensing	It was not possible to identify the objective of the specific provision. However, it is our understanding that the objective is to raise public revenue.	While the provision constitutes an administrative burden we have no evidence of distortion of competition.	No recommendation for change.	
12	Ministerial Decision No. ΔΙΠΑΔ/OIK/273 /2012 "Approval of 440 Greek technical specifications with obligatory application in public constructions"		Framework law	Some National Technical Specifications (ΕΤΕΠ) are not harmonised with the Harmonised European Standards, therefore double standards are applicable.	Non harmonisation	Following communication with the Ministry of Development, Secretariat of Industry and Secretariat of Public Works, it is our understanding that, in general, the standards are set in order to safeguard a uniform level of quality of the products, construction standards and protection of the buildings.	For some materials in public works, the national legislation on ΕΤΕΠ does not apply European Standards but other standards (e.g. national, US). Such non-harmonisation in ΕΤΕΠ breaches the European legislation and potentially limits the ability of non-national suppliers to participate in public bids. This leads to limitation of the suppliers, foreclosure and geographical fragmentation of the market and, potentially, higher prices.	Review the non harmonised National Technical Specifications and harmonise them with the Harmonised European Standards.	

Sector: BUILDING MATERIALS								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
13	ELOT standard ΤΠ1501_01_01-03-00-2009 National specification on maintenance of concrete (Approved as National Technical Specification)		Concrete	Includes provisions conflicting with Harmonised European Standards (such as EN 13670 on Execution of Concrete).	Non-EU harmonised material	Following communication with the Ministry of Development, Secretariat of Industry and Secretariat of Public Works, it is our understanding that, in general, the standards are set in order to safeguard a uniform level of quality of the products, construction standards and protection of the buildings.	Non-harmonisation entails double standards applied on the specific products, creates uncertainty, potentially increases cost for the producers applying the European Standards, potentially sets the suppliers applying national standards in an advantaged position, if European Standards entail extra costs, limits the number of suppliers, forecloses the market and as a result may have higher prices.	The national legislation should be reviewed and transpose the European Standard EN 206-1, even though not mandatory, which is an umbrella standard and includes all the relevant standards, e.g. EN 197-1, EN 12620, EN 13670 etc.
14	ELOT standard ΤΠ1501_03_08_04_00_2009 National specification on frames of synthetic materials (Approved as National Technical Specification)	Art. 2, 4	Synthetic materials	The approved National Technical Specification is non-harmonised with the Harmonised European Standards, therefore double standards are applicable.	Non harmonisation	Following communication with the Ministry of Development, Secretariat of Industry and Secretariat of Public Works, it is our understanding that, in general, the standards are set in order to safeguard a uniform level of quality of the products, construction standards and protection of the buildings.	Non-harmonisation entails double standards applied on the specific products, creates uncertainty, potentially increases cost for the producers applying the European Standards, potentially sets the suppliers applying national standards in an advantaged position, if European Standards entail extra costs, limits the number of suppliers, forecloses the market and as a result may have higher prices.	The specific national standard should be updated and brought in line with the relevant Harmonised European Standards.
	ELOT standard ΤΠ1501_03_08_03_00_2009 National specification on frames of aluminium (Approved as National Technical Specification)							
15	Ministerial Decision 14097/757/2012 Audit of technical specifications of plastic tubes and accessories thereof for the transfer of drinkable water, sewage and underfloor heating	Art. 3, 4	Plastic tubes and accessories	Import, production, distribution in the Greek market and use of plastic tubes and accessories thereof, which do not comply with the technical specifications of the MD are prohibited. With regard to such products originating from EU, EEA countries or Turkey, which do not comply with the above specifications, but have been subject to successful testing by an acknowledged body, restrictions on their free circulation are not applicable to the extent that equal levels of safety, health and suitability for use are achieved.	Non-EU harmonised material	Following communication with the Ministry of Development, Secretariat of Industry and Secretariat of Public Works, it is our understanding that, in general, the standards are set in order to safeguard a uniform level of quality of the products, construction standards and protection of the buildings.	Art. 4 provides for a clause of mutual recognition and the competent National Authority for Controls cannot deny certificates of compliance or test reports according to Regulation 765/2008. No harm to competition has been identified.	No recommendation for change.
16	Ministerial Decisoin Δ14/19164/1997 Approval of Regulation on concrete technology	Art. 12.1.1.3	Concrete	The person responsible in the factory producing ready-mixed concrete for the quality of concrete must be a certified engineer, with proven experience in the production and technology of concrete. If the factory has more than 1 production unit per Prefecture, an extra head technician with proven experience in the production and technology of concrete is required for every unit. If there are more than 3 production units per Prefecture, for every three units there should be a second engineer, responsible for the quality of concrete.	Extra cost	It was not possible to identify the objective of the provision. However, it is our understanding that the objective is the better control of the concrete and the safety of the buildings.	The provision may raise the cost of operation (labour cost). Since it is the company's responsibility to safeguard the quality of the product and the safety of the construction, it should be company's decision on the number of people to hire in order to ensure the quality of the product.	Abolish.
17	Ministerial Decision Δ14/19164/1997 Approval of Regulation on concrete technology	Art. 13.4, 13.5	Concrete	The provision sets different specifications for on-site concrete of 'large-scale' and 'small-scale' works, the criterion being the importance of works. The characterisation as "large scale works" entails an additional control procedure described in art. 13 par. 5 of the MD.	Non-EU harmonised material	It was not possible to identify the objective of the provision. However, it is our understanding that the provision aims to add an additional procedure of control for works that considers to be important and to guarantee the safety of the construction.	The criterion of the importance of works seems to be arbitrary and creates uncertainty since its determination is left to the discretionary power of the parties. Since the criteria are not well defined by the law, this kind of differentiation may entail extra cost for large scale works which could also fall within the category of small scale.	EN 206-1 defines the criteria for large scale and small scale works based on the sampling . Full transposition of the Standard would make this provision unnecessary.
18	Ministerial Decision Δ14/19164/1997 Approval of Regulation on concrete technology	Art. 4.3.2, 4.3.3, 4.4.4, 5.2.1.5 etc.	Concrete	Includes provisions conflicting with Harmonised European Standards and ELOT Standards, i.e. ELOT EN 12620 on aggregates.	Non-EU harmonised material	The objective of the provisions is the protection of building constructions.	Following communications with the Ministry of Development, different bodies and the market, it is our understanding that the regulation is partially harmonised with European standard EN 206-1. The partial harmonisation creates uncertainty and differentiates between suppliers which fully comply with the EU standard and suppliers which comply with the Regulation on concrete technology, which may entail higher costs for the first category and foreclosure from the market since the national legislation is not fully compatible with European legislation.	Harmonisation of the provisions referring to aggregate with the harmonised European Standard, as transposed by ELOT as standard EN 12620 and general review and adaptation to the EN 206-1.

Sector: BUILDING MATERIALS								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
19	Ministerial Decision Δ14/19164/1997 Approval of Regulation on concrete technology	Art. 5.2.1.4., 13.7.7	Concrete	Studies for the composition of concrete and quality controls of concrete must take place in laboratories of the Ministry of Environment, or of Universities or by certified laboratories. It seems that certified laboratories for the purposes of the law (L.2231-94) are two laboratories owned by the State (the Greek Metrology Institute and the National Council of Accreditation).	Non-EU harmonised material	It was not possible to identify the objective of the specific provision. However, it is our understanding that the objective is the safety of constructions and the protection against earthquakes in Greece.	No harm to competition was identified since the the National Laboratories specified by the law for the quality controls are not the only laboratories allowed to carry out quality controls. Quality controls can take place also by any other private accredited body.	No recommendation for change.
20	Ministerial Decision 9529/645/2006 on Control of Steel Characteristics	Art. 1 and 2	Steel	Only steel technical categories B500A and B500C are allowed to be used, distributed and sold in the Greek market.	Non-EU harmonised material	The objective is the safety of constructions and the protection against earthquakes in Greece.	In 2005 European Standard EN 10080 was made mandatory. European Standard EN 10080 determines the essential characteristics and the general requirements for the various categories of concrete reinforcing steel. It also gives no actual specification or figures that are left to the National Standards. Each Member State determines the suitable technical category according to the required level of safety of construction, taken into account geographical and climatic conditions. harmonised European Standard on steel. Based on the above, Greece transposed EN 10080 and issued national standards ELOT 1421-2 and ELOT 1421-3. In 2008, EN 10080 had to be withdrawn as a harmonised standard and Member States are in progress of reviewing the Standard. However the Greek Standard as transposed the EN 10080 was not amended. Thus, no harm to competition has been identified.	No recommendation for change.
21	Ministerial Decision YA 9529/645/2006 FEK 649/B on Control of Steel Characteristics	Art. 1	Steel	Only steel produced using technical standards ELOT EN 10080, ELOT 1421-2 and ELOT 1421-3 is allowed to be used, distributed and sold in the Greek market.	Non-EU harmonised material	The objective is the safety of constructions and the protection against earthquakes in Greece.	In 2005 European Standard EN 10080 was made mandatory. European Standard EN 10080 determines the essential characteristics and the general requirements for the various categories of concrete reinforcing steel. It also gives no actual specification or figures that are left to the National Standards. Each Member State determines the suitable technical category according to the required level of safety of construction, taken into account geographical and climatic conditions. harmonised European Standard on steel. Based on the above, Greece transposed EN 10080 and issued national standards ELOT 1421-2 and ELOT 1421-3. In 2008, EN 10080 had to be withdrawn as a harmonised standard and Member States are in progress of reviewing the Standard. However the Greek Standard as transposed the EN 10080 was not amended. Thus, no harm to competition has been identified.	No recommendation for change.
22	Model Technical Specification 0150 for aggregates for road constructions	Art. 2 to 10	Aggregate materials	Non-harmonised standards	Non harmonisation	From communication with the Ministry of Development, it is our understanding that the specific technical standards are obsolete since the issuance of the Ministerial Decision for approval of 440 technical specifications with obligatory application in public constructions with which the aggregate materials are fully harmonised with the European Standard.	No harm to competition has been identified since the specific standards apply only to ongoing projects and the new projects are subject to the harmonised national technical standards which are in compliance with the Harmonised European Standards.	No recommendation for change.
23	Model technical Specification 0155 Construction of the basis of roads by steady aggregates	Art. 2 to 10	Aggregate materials	Non-harmonised standards	Non harmonisation	From communication with the Ministry of Development, it is our understanding that the specific technical standards are obsolete since the issuance of the Ministerial Decision for approval of 440 technical specifications with obligatory application in public constructions with which the aggregate materials are fully harmonised with the European Standard.	No harm to competition has been identified since the specific standards apply only to ongoing projects and the new projects are subject to the harmonised national technical standards which are in compliance with the Harmonised European Standards.	No recommendation for change.
24	Model technical Specification A 260-A265 for asphalt aggregates		Aggregate materials	Non-harmonised standards	Non harmonisation	From communication with the Ministry of Development, it is our understanding that the specific technical standards are obsolete since the issuance of the Ministerial Decision for approval of 440 technical specifications with obligatory application in public constructions with which the aggregate materials are fully harmonised with the European Standard.	No harm to competition has been identified since the specific standards apply only to ongoing projects and the new projects are subject to the harmonised national technical standards which are in compliance with the Harmonised European Standards.	No recommendation for change.

Sector: BUILDING MATERIALS									
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations	
25	Presidential Decree 244/1980 Regulation of cement for constructions of concrete		Concrete	Regulation of Cement for constructions in concrete has been adapted to the European standard EN 197-1 on cement. However, the Regulation has not been adapted to the European standard EN 12620 on aggregates.	Non-EU harmonised material	The overall objective of the Presidential Decree is to define the different types of cement that should be used for the constructions made of concrete and includes its classification, its natural and chemical requirements as well as the control methods.	No harm to competition has been identified since the Regulation of Cement for constructions of concrete has been adapted to the European standard EN 197-1 on cement. However, the Regulation has not been adapted to the European standard EN 12620 on aggregates. Such inconsistency entails double standards applied on the specific product, creates uncertainty, potentially increases cost for the producers applying the European Standards, potentially sets the suppliers applying national standards in an advantaged position, if European Standards entail extra costs, limits the number of suppliers, forecloses the market and may have as a result higher prices since the Regulation prevails over the European Standards.	Harmonisation of the provisions referring to aggregate with the harmonised European Standard, as transposed by ELOT as standard EN 12620 and general review and adaptation to the EN 206-1.	
26	Presidential Decree 71/1988 "Regulation for the Fire Protection of Buildings"		Fire protection	The regulation is not updated and is incompatible with the respective Harmonised European Standards.	Non harmonisation	It was not possible to identify the objective of the specific provision. However, in our understanding the provision aims to ensure sufficient levels of resistance and protection of the various building materials from fire.	The provision breaches the European legislation. It may limit the ability of suppliers of fire safety products to compete on equal basis with each other, if and to the extent that the supplier that complies with European standards may have increased costs compared to the supplier that conforms with national standards. The suppliers possibly will not be able to participate in public tenders, to the extent that the tender rules requires the application of national standards, thus the regulation may constitute a grandfather clause. Barrier to entry and foreclosure of the national market with potential higher prices.	The relevant provisions should be updated to be brought into line with harmonised European Standards and the respective ELOT Standards.	
27	Regulation for the studies of infrastructures made by reinforced concrete (Ελληνικός Κανονισμός Οπλισμένου Σκυροδέματος- ΕΚΩΣ 2000)		Concrete	Includes provisions conflicting with the Eurocodes	Non-EU harmonised material	The objective of the Regulation is to set the framework on production of reinforced concrete for specific constructions of reinforced concrete.	The Eurocodes are a series of European standards which provide common methods for calculating the mechanical strength of elements playing a structural role in construction works. Those methods make it possible to design construction works, to check the stability of construction works or parts thereof and to give the necessary dimensions of structural construction products. Eurocodes have not been published in the Greek Government Gazette, thus they are not obligatory in the national legal framework. However, non transposition into national legislation potentially limits the ability of constructing companies applying Eurocodes to participate in public bids, because the national provisions prevail over the Eurocodes. The harm of this restriction is potential limitation of the suppliers, foreclosure and geographical fragmentation of the market and potentially, higher prices.	Firstly, the national legislation should transpose the Eurocodes and, secondly, the relevant provisions of the "Regulation for the studies of infrastructures made by reinforced concrete" should be brought into line with the Eurocodes.	
28	Presidential Decree 405/1996 Shipment and unshipment of dangerous products in ports	ANNEX C	Framework law	Maximum quantity of dangerous substances per package, examples: gaseous substance of class 2 max 120 ml, liquid substance of class 3 max 5 litres for group III but 1 litre for group II.	Not adapted to international practice	It was not possible to identify the objective of the specific provision. However, in our understanding, the objective is the safety of people and transports.	The International Maritime Dangerous Goods (IMDG) Code provides different maximum quantities per package for the respective categories: examples class 2 max. 1000ml, liquid substance of class 3 is max. 5 litres for both groups II and III. The national legislation is not adapted to IMDG, thus a supplier wishing to operate in the Greek market (and transport its products by ship) needs to use smaller packages than it would do abroad under the IMDG Code. In consequence the provision may raise the production cost for suppliers, foreclose the national market which may lead to higher prices.	The Presidential Decree should be reviewed in the spirit of the IMDG and be fully compatible with it. Additionally, it should be directly amended every time the IMDG Code is updated, in order to be fully compatible with it.	
29	Presidential Decree 405/1996 Shipment and unshipment of dangerous products in ports	ANNEX C	Framework law	Hazardous substances are transported in these particular conditions must be put in adequate internal packaging then placed in suitable outer packaging. The total gross weight of the package should not exceed 30 kg.	Not adapted to international practice	It was not possible to identify the objective of the specific provision. However, to our understanding, the objective is the safety of people and transports.	No harm to competition since the provision is adapted to the International Maritime Dangerous Goods Code (IMDG).	No recommendation for change.	
	Presidential Decree 405/1996 Shipment and unshipment of dangerous products in ports	ANNEX C, par. 10	Framework law	The provision defines that in passengers ferries only up to 5 transporters can transport dangerous products in restricted quantities, as defined in Annex C, with the exception of products falling under class 2, 3, 4.1., 4.3 and 5.2 for which only maximum two transporters per passenger ferry are allowed.	Not adapted to international practice	It was not possible to identify the objective of the specific provision. However, to our understanding, the objective is the safety of people and transports.	The International Maritime Dangerous Goods (IMDG) Code provides for an unlimited quantity to be shipped in passengers ships. The national provision potentially may raise transport costs and lead to higher prices.	The Presidential Decree should be reviewed in the spirit of the IMDG and be fully compatible with it. Additionally, it should be directly amended every time the IMDG Code is updated, in order to be fully compatible with it.	
30	Law 669/1977 "Quarries-licences for exploitation"	Art. 14	Mines/quarries	The exploiters of mines/quarries have the obligation to submit annually to the Ministry data on the production and distribution of the products abroad and in the national market on the sale price and their maximum production capacity.	Notification	It was not possible to identify the objective of the specific provision. However, from communication with the Ministry of Environment we understand that the collection of data is for internal statistical purposes.	The provision constitutes an extra administrative burden which may increase the cost of suppliers. We understand that relevant information is collected by ELSTAT as well.	Abolish.	

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
31	Ministerial Decision 19690/1995 "Lease of municipal quarries of aggregates"	Art. 4	Mines / Quarries	The exploiter of a municipal quarry of aggregates has the obligation to submit to the Municipality each semester invoices of sales of the products. Non submission entails a fine for the exploiter.	Notification	It was not possible to identify the objective of the specific provision. However, from communication with the Ministry of Environment we understand that the collection of data is to calculate the rent due.	The provision constitutes an administrative burden which may increase the cost of suppliers but it is proportionate to the objective.	No recommendation for change.
32	•Law 1428/1984 "Quarries-licences for exploitation" •Ministerial Decision 9373/1984 "Activity details from the exploiters of quarries"	•Art. 13 par. 2 •Unique article	Mines/quarries	The exploiter of a quarry of aggregates has the obligation to submit to the Prefecture details on the production and distribution of the products.	Notification	It was not possible to identify the objective of the specific provision. However, from communication with the Ministry of Environment we understand that the collection of data is for internal statistical purposes.	The provision constitutes an extra administrative burden which may increase the cost of suppliers. We understand that relevant information is collected by ELSTAT as well.	Abolish.
33	Law 1428/1984 "Quarries-licences for exploitation"	Art. 3 par. 6	Mines/quarries	In addition to the raw materials that are extracted during the exploitation of any other category of minerals in a quarry of industrial minerals or marble quarry, the exploiter has the obligation to pay a rent to the owner of the quarry amounting to 10% of the sale price of the aggregates extracted secondarily in the exploitation of the quarry of industrial minerals or marble quarry or to 5% of the sale price of the materials manufactured from the aggregates.	Price regulation	The objective is the limitation of excessive and unjustified claims of the owners of the quarries which would render the national products less competitive and would reduce the incentives to exploit the quarries.	The provision constitutes a differential treatment between exploiters of quarries of other minerals for whom the exploitation and sale of aggregate is a secondary activity within the framework of the exploitation of other minerals and exploiters for whom the exploitation of a quarry of aggregates and the sale of the relevant products is a primary activity (see row 37). Such differential treatment may increase the cost on the proportional rent for one company vis-a-vis the other, especially in case where the sale price on which the rent is calculated does not reflect the price market. It is our understanding the exploitation of mines and quarries in general are of national interest and such intervention seems proportionate to the objective, so as to enhance the exploitation of the quarries, however the rent due for the sale of aggregates should be calculated on the same basis for both categories.	The rent due for aggregate should be calculated on the same basis both for exploiters of quarries of other minerals who secondarily extract and trade aggregates and the exploiters of public/municipal quarries who extract and trade aggregates primarily.
34	Law 669/1977 "Quarries-licences for exploitation"	Art. 20, Art. 33	Mines/quarries	This provision determines a maximum rent for marble quarries, which can be either fixed or proportional depending on the production of the quarry. When the production of marble is low, only the fixed rent is due. When the proportional rent exceeds the fixed rent, the exploiter pays the proportional rent fixed under this provision.	Price regulation	The objective is the limitation of excessive and unjustified claims of the owners of the marble quarries which would render the national products less competitive.	The provision applies to state-owned and privately-owned quarries. By intervening in a private contract between parties the state limits their ability to set the rent to reflect market conditions and therefore potentially distorts market outcomes. However, it is our understanding the exploitation of mines and quarries are of national interest and such intervention may seem proportionate in relation to the objective, so as to enhance the exploitation of the quarries. The provision has been also judged by the Supreme Court of the State (799/2004) as a provision that protects the national economy, regarding the exports and on the same time allows the efficient operation of companies and the rational allocation of the benefits between owners of the quarries and exploiters.	The provision serves public policy objectives and seems proportionate to the objective to be achieved. However, the rent should not be set at a price so high that it would create a disincentive to exploit a quarry.
35	Legislative Decree 210/1973 "Code of mines"	Art. 84	Mines/quarries	The law provides for a maximum rent paid to the State in case of exploitation rights on mines.	Price regulation	The objective of the provision is to determine the maximum amount paid to the State for the lease of mining rights which are the property of the State.	No harm to competition has been identified since the exploitation rights are owned by the State and granted to the exploiter.	No recommendation for change.
36	Legislative Decree 210/1973 "Code of mines"	Art. 85 A	Mines/quarries	In order to supply sufficiently the existing metallurgy industry in Greece, the Minister may oblige the mine exploiters to sell part or the whole of the production to the above companies. The selling price is the current selling price in Greece. A metallurgy company, in order to be granted the above advantages, should be Greek owned and have its registered seat in Greece.	Price regulation	It is our understanding, based on our analysis and communications with the Ministry of Environment, that the objective of the provision is to address emergency needs. Moreover, because of the high cost of the investment and in addition to the fact that mining rights are always State owned, the State aims to safeguard that the metallurgy industries will continue to be supplied with materials extracted from mines.	Discrimination between Greek nationals and non-Greek. Barrier to entry and potential foreclosure of the market and strengthens the oligopolistic markets. The provision restricts suppliers' choices and their incentives to compete. Additionally, it fragments the market geographically, controls the production of a market and influences the conditions of demand and supply.	Abolish.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
37	Ministerial Decision Δ10/Φ68/οικ. 30842/1993 "Terms and procedure for the lease, exploitation and management of public quarries of raw materials"	Art. 3	Mines/quarries	In a public tender for the lease of a public quarry of aggregates, the contracting authority should include, among others, an annual fixed rent (EUR/m ²) and an annual proportional rent that will be due by the exploiter of the quarry. The proportional annual rent is calculated based on the sale price of the aggregate. Subsequently, the sale price is calculated as a percentage of the reference price 622 of the Centrally Agreed Price List, as applicable (ATEO). The ATEO price list is defined by the Secretariat of Public Works and is updated regularly.	Price regulation	The objective of the provision is to set a maximum limit to the amount paid to the State for the lease of a public quarry.	The provision constitutes a differential treatment between exploiters for whom the exploitation of a quarry of aggregates and the sale of the relevant products is a primary activity and the exploiters of quarries of other minerals for whom the exploitation and sale of aggregate is a secondary activity within the framework of the exploitation of other minerals (see row 33). Such differential treatment may increase the cost on the proportional rent for one company vis-a-vis the other, especially in case where the sale price on which the rent is calculated does not reflect the price market. The rent due for the sale of aggregates should be calculated on the same basis for both categories.	The rent due for aggregate should be calculated on the same basis both for exploiters of quarries of other minerals who secondarily extract and trade aggregates and the exploiters of public/municipal quarries who extract and trade aggregates primarily.
	Ministerial Decision 19690/1995 "Terms for the lease of municipal quarries of raw materials"			In a public tender for the lease of a municipal quarry of aggregates, the contracting authority should include, among others, an annual fixed rent (EUR/m ²) and an annual proportional rent that will be due by the exploiter of the quarry. The proportional annual rent is calculated based on the sale price of the aggregate. Subsequently, the sale price is calculated as a percentage of the reference price 622 of the Centrally Agreed Price List, as applicable (ATEO). The ATEO price list is defined by the Secretariat of Public Works and is updated regularly.			The provision constitutes a differential treatment between exploiters for whom the exploitation of a quarry of aggregates and the sale of the relevant products is a primary activity and the exploiters of quarries of other minerals for whom the exploitation and sale of aggregate is a secondary activity within the framework of the exploitation of other minerals (see row 33). Such differential treatment may increase the cost on the proportional rent for one company vis-a-vis the other, especially in case where the sale price on which the rent is calculated does not reflect the price market. The rent due for the sale of aggregates should be calculated on the same basis for both categories.	The rent due for aggregate should be calculated on the same basis both for exploiters of quarries of other minerals who secondarily extract and trade aggregates and for the exploiters of public/municipal quarries who extract and trade aggregates primarily.
38	Ministerial Decision Δ7/οικ. 21909/4001/2011 "Re-adjustment of the annual fixed fees for the lease of marble quarries provided for in L.669/1977."	Unique article	Mines/quarries	Determination of a fixed price rent per 1 000 m ² for the lease of a marble quarry. It was issued in application of law 669/1977 (row 34 above).	Price regulation	The objective is the limitation of excessive and unjustified claims of the owners of the quarries which would render the national products less competitive.	The provision applies to state-owned and privately-owned quarries. By intervening in a private contract between parties the state limits their ability to set the rent to reflect market conditions and therefore potentially distorts market outcomes. However, it is our understanding the exploitation of mines and quarries are of national interest and such intervention may seem proportionate in relation to the objective, so as to enhance the exploitation of the quarries.	The provision serves public policy objectives and seems proportional to the objective to be achieved. However, the rent should not be set at a price so high that it would create a disincentive to exploit a quarry.
39	Legislative Decree 210/1973 "Code of mines"	Art. 108 (correction: it refers to art. 85B)	Mines/quarries	The Ministerial Council has the authorisation to decide the compulsory lease of a mine to a metallurgy company, in case the exploiter of the mine does not already supply the metallurgy company with mines. A metallurgy company, in order to be granted the above advantage should be Greek owned and have its registered seat in Greece.	Supply	It was not possible to identify the objective of the specific provision. However, from communication with the Ministry of Environment and to our understanding, because of the high cost of the investment in addition with the fact that the mining rights are always State owned, the State aims to safeguard that the metallurgy industries will continue to be supplied with materials extracted from mines.	Discrimination between Greek nationals and non-Greek. Barrier to entry and potential foreclosure of the market and strengthens the oligopolistic markets. The provision restricts suppliers' choices and their incentives to compete. Additionally, it fragments the market geographically, controls the production of a market and influences the conditions of demand and supply.	Abolish.
40	Law 895/1937 "Subsidiary Pension Fund of the Employees in cement industry"	Art. 3	Mines/quarries	Imposition of a fee of 2% on the sale price of cement, either produced or imported, in favour of the Subsidiary Pension Fund of the Employees in the cement industry.	Fees	The objective is to provide revenue to the Subsidiary Pension Fund of the Employees in the cement industry.	The fee is due both by companies producing cement, and therefore employing people who are insured in the specific fund, and companies importing and not producing cement. The provision raises the cost of importing companies which do not employ people insured in the fund in relation to the industries producing cement and puts them at a disadvantaged position.	Abolish.
41	Presidential Decree 285/1979 "Lease of public quarries of industrial minerals and marbles"	Art. 13 par.1	Mines/quarries	The Prefect issues an assignment decision, following an opinion from the Prefectural Committee of Industry, which has large discretionary powers in taking into consideration the terms under art. 5 of Presidential Decree 285/1979, when proposing terms in contracts of direct assignment.	Price regulation	It was not possible to identify the objective of the provision.	It confers broad discretionary power to the competent Authority in the determination of the proportional rent in direct assignments of marble quarries and create legal uncertainty.. Such provisions may be manipulated by public authorities and contractors, resulting in distortion of competition. Such manipulation could render the exploiters who obtained the exploitation licence through public tenders in a disadvantaged position vis-à-vis exploiters to whom the exploitation licence has been granted through direct assignment.	Abolish the wording "the Prefectural Committee of Industry may include in the contractual terms the ones referred under art. 5" of art. 13 par.1 of the Presidential Decree 285/1979. Both the Committee and the Prefect should have narrowly defined powers to include in the exploitation contract the terms analysed under art. 5. Such narrowly defined powers should be explicitly referred in art. 13 par. 1.
42	Law 1428/1984 "Exploitation of quarries of aggregates"	Art.7 par.2	Mines/quarries	It provides that for public/municipal/communal quarries, the proportional rent due is defined based on the quantities of the aggregates sold annually and is calculated based on the invoices or any other method that the Prefect considers appropriate.	Price regulation	It was not possible to identify the objective of the provision.	It confers broad discretionary power to the competent Authority in the determination of the proportional rent in direct assignments of marble quarries and create legal uncertainty. Such provisions may be manipulated by public authorities and contractors, resulting in distortion of competition. Such manipulation could render the exploiters who obtained the exploitation licence through public tenders in a disadvantaged position vis-à-vis exploiters to whom the exploitation licence has been granted through direct assignment.	Abolish the wording "any other method considered as appropriate" in art. 7 par.2 of Law 1428/1984. The Prefect should have narrowly defined powers to define the proportional rent respectively to the provisions of Law 1428/1984 and Ministerial Decisions 19690/1995 and Δ10/Φ68/οικ30842/1993. Such powers should be explicitly referred in art. 7 par. 2.

Sector: TOURISM								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
1	MD 798/2012 'Terms and conditions for the establishment and operation of brokerage firms - Integration of the procedure of granting a Special Operational Sign to brokerage offices in Points of Single Contact (CSR), pursuant to the provisions of Law 3844/2010 (Government Gazette 63 / A)'	3	Brokerage offices	Property contracts or lease agreement or concession of use of brokerage offices are proven by showing that the operator has full and independent establishment of an area of at least 20 m2. The co-location of any other offices with brokerage firms of any kind is prohibited. In exceptional circumstances co-location of these enterprises with tourism businesses of Article 2 of Law 2160/1993, as applicable, and shipping agents of PD 229/1995 is allowed. In case of co-location it must be guaranteed for each of the co-located businesses that they have a full, independent office establishment, as defined for each business form.	Barrier to entry/increasing cost	No recitals. According to the Ministry of Tourism: it will be abolished with the new draft joint ministerial decree	The provision sets minimum requirements and therefore increases the cost of production for suppliers. Also it may result in a barrier to entry for new suppliers. Competition is harmed by limiting the range of potential suppliers and increasing the cost of some existing suppliers relative to the others, with potential impact on prices.	Abolish.
2	PD 14/2007 "Specifications for the creation of car racing tracks"	2	Car racing tracks	Car racing tracks must be constructed within a 100 km distance from 3/4/5 star class hotels having a minimum capacity of 1,000 beds.	Geographical restriction	No recitals. According to the Ministry of Tourism: Consumer protection, quality of services and viability of the investment: providing adequate quality accommodation for visitors of car racing trucks within a reasonable distance.	The provision sets minimum requirements and therefore increases the cost of production for suppliers. Competition is harmed by limiting the range of potential suppliers, with potential impact on prices. In addition, the provision sets distance requirements that may fragment the market, hence reducing competition, and reduce pressure on prices.	Abolish.
3	PD 14/2007 "Specifications for the creation of car racing tracks"	3 par1b	Car racing tracks	Car racing tracks must be constructed within a 120 km distance from airports.	Geographical restriction	No recitals. According to the Ministry of Tourism: Quality of services and viability of the investment: facilitating access to car racing tracks	The provision sets minimum requirements and therefore increases the cost of production for suppliers. Competition is harmed by limiting the range of potential suppliers, with potential impact on prices. In addition, the provision sets distance requirements that may fragment the market, hence reducing competition, and reduce pressure on prices.	Abolish.
4	L. 4093/2012 Approval of the medium term fiscal policy framework 2013-2016 - Urgent measures for the implementation of Law 4046/2012 and the Medium Term Financial Strategy 2013-2016.	1 sub-paragraph H2	Car rental with a driver	Passenger vehicles leased under the provisions of case 1, must possess the following characteristics: a) They must be vehicles over 1 500 cc.; b) they must be included in the category EURO V emission or later; c) they must have a maximum circulation time of seven (7) years from the date of first marketing authorisation, provided it does not differ from the date of manufacture for over a year, and open-ended nine (9) years from their release.	Barrier to entry/increasing cost	Recitals : The new regulations aim to upgrade the tourist product. The coverage of new needs created in the tourism market and the creation of new jobs is also a target. The minimum requirements for private passenger vehicles are set. Ministry : protection of the environment, consumer protection, quality of services. Provision set by the Ministry of Transport	The provision sets strict minimum criteria for the capacity of the car's engines therefore it may be a barrier to entry or an increasing cost of production for some suppliers.	Point (a) should be removed from the provision.
5	L. 4093/2012 Approval of the medium term fiscal policy framework 2013-2016 - Urgent measures for the implementation of Law 4046/2012 and the Medium Term Financial Strategy 2013-2016.	1 Sub-paragraph H2	Car rental with a driver	Travel agencies and car rental agencies, as defined in paragraphs 4 and 5 of Article 2 of L.2160/1993 (A '118), and companies and co-operatives of Public Passenger cars, established in accordance with Article 6 Law 3109/2003 (A '38) and Article 87 of Law 4070/2012 (A' 82), may rent cars with a driver and the minimum duration of the related agreement should be of twelve (12) hours. These cars are prohibited from carrying passengers for a fare.	Barrier to entry/fragmentation of activities	The aim is to upgrade the tourist product, to cover new needs created in the tourism market and the creation of new jobs. It is worth noting that in all Member States of the European Union, except for Greece, hiring a car with driver from car rental agencies is allowed, without time or other constraints. This service is also provided in non-EU countries, such as Turkey and Serbia that compete with Greece. The terms are intended to set rules that will allow the hiring of passenger private use (LIX) car with driver from travel agencies and car rental agencies as defined in Article 2 of Law 2160/1993 (A 118), as well as companies and associations public licence passenger cars (taxis), established in accordance with Article 6 of Law 3109/2003 (A 38) and Article 87 of Law 4070/2012 (A 82), by analogy with existing arrangements for the leasing of passenger cars without driver. When such a route takes place it is pre-booked with a corresponding contract which will last at least 12 hours, while the collection of fares for such services is prohibited. These conditions are introduced to distinguish clearly between the services related to tourism and the services that are provided from taxis.	The purpose of the lawmaker is to upgrade the tourism product of renting a car with a driver while at the same time preventing the activity to compete with taxis. However the minimum duration of 12 hours is too restrictive and may represent a barrier to entry for some suppliers within the market of renting a car with a driver, that are willing to offer also the service to customers below 12 hours. Moreover the artificial separation of the service provided by taxis and rent a car with a drivers harms competition because it limits significantly the choices available to consumers and eliminates the incentives of suppliers to compete effectively.	The restriction on the minimum duration of the agreement should be removed from the provision.

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6	L. 4093/2012 Approval of the medium term fiscal policy framework 2013-2016 - Urgent measures for the implementation of Law 4046/2012 and the Medium Term Financial Strategy 2013-2016.	1 Sub-paragraph H2	Car rental with a driver	It allows companies and co-operatives of Public Passenger cars, set up in accordance with Article 6 of Law 3109/2003 (A' 38) and Article 87 of Law 4070/2012 (A' 82) to enter into contracts for total or partial lease of a car with a driver, only with the main hotel accommodations (and not other forms of tourist resorts), at a fare agreed between the parties for the carriage of the clients of main hotel accommodation from the points of arrival or departure to the premises of the accommodation and vice versa.	Barrier to entry/fragmentation of activities	It was not possible to identify the objective of the provision	The restriction of not allowing small accommodation establishments to co-operate with businesses providing 'car with a driver' services places these establishments at a competitive disadvantage relative to main hotel accommodations and may work as a barrier to entry for some suppliers.	The restriction preventing other forms of tourist resorts from entering contracts for the lease of car with driver should be removed from the provision.
7	MD 15732/13.11.2012 'Terms and conditions of or the rental of cars with drivers from travel agencies, car rental companies and cooperatives of Public Use Passenger Cars'		Car rental with a driver	Companies renting cars with a driver must have parking space for at least 50% of their vehicles, a minimum area of 6 square meters per leased vehicle if the total number of such vehicles exceeds ten (10) . If the total number of vehicles does not exceed ten (10), a parking space is not required.	Barrier to entry/Increasing cost	It is our understanding that the objective is to ensure that rental companies do not occupy public space permanently. We understand that the Ministry of Tourism finds it proportionate to distinguish between smaller and larger companies. We note that a similar provision has been recently introduced for businesses renting motorcycles, where the threshold is 20 instead of 10.	The threshold of 10 cars could raise the cost of production for the suppliers that have more than 10 cars relative to the others that do not. Moreover the specific restriction could be a potential barrier to entry in some markets for large suppliers. On the one hand, the regulation of minimum parking requirement harms competition since it discriminates suppliers but, on the other hand, it facilitates entry in the market since the total investment cost is lower for a small scale initial entry investment. This latter effect may balance the harm to competition.	No recommendation for change.
8	MD 12061/2007 Specifications for Centres of Coaching and Athletic Tourism (KEPAT) for their submission to the incentives scheme of L 3299/2004	2.2c	Centres of Athletic and Coaching Tourism	Centres of Athletic and Coaching Tourism must be constructed within a 30 km distance from 3/4/5 class hotels having a minimum capacity of 500 beds.	Geographical restriction	According to the Ministry of Tourism: Consumer protection, quality of services and viability of the investment, providing adequate quality accommodation for visitors within a reasonable distance.	The provision sets minimum requirements and therefore increases the cost of production for suppliers. Competition is harmed by limiting the range of potential suppliers, with potential impact on prices. In addition, the provision sets distance requirements that may fragment the market, hence reducing competition, and reduce pressure on prices.	Abolish.
9	MD 12061/2007 Specifications for Centres of Coaching and Athletic Tourism (KEPAT) for their submission to the incentives scheme of L 3299/2004	2.3c	Centres of athletic and coaching tourism	Centres of athletic and coaching tourism are obliged to operate all year round.	Barrier to entry/increasing cost	According to the Ministry of Tourism: Extension of tourism season/reduce seasonality.	The provision sets minimum requirements and therefore increases the cost of production for suppliers. Also it may result in a barrier to entry/exit. Competition is harmed by limiting the range of potential suppliers and increasing the cost of existing suppliers, with potential impact on prices.	Abolish.
11	L.3498/2006 'On the Development of Therapeutic Tourism and other provisions'	19	Centres of therapeutic tourism	Centres of therapeutic tourism are obliged to notify the Greek Tourism Organisation of their prices and maintain them at a stable rate for 1 year.	Prices	According to the Ministry of Tourism: Notification of prices aims at consumer information and protection.	The provision potentially leads to sticky prices and significant downward price rigidity. Since the price is not set in accordance with demand and supply conditions, it is likely to lead to an inefficient market allocation.	Abolish.
12	L.3498/2006 'On the Development of Therapeutic Tourism and other provisions'	21	Centres of therapeutic tourism	Organisations of local administration, already exploiting therapeutic natural springs, are granted the right to request a concession thereof without participating in a tender.	Preferential treatment of the State	Abolished.	Abolished.	No recommendation for change.
13	Law 4049/2012 "Tackling violence in stadiums, doping, fixed games and other provisions"	39, par. 2	Centres of therapeutic tourism	All contracts granting rights on public therapeutic springs to current concession holders (local authorities and their companies) are extended for 40 years.	Preferential treatment of the State	It was not possible to identify the objective of the provision.	That provision may significantly raise cost for the private investors by placing them at a competitive disadvantage relative to the state acting as an investor therefore may lead to unequal treatment of suppliers.	The provision should grant the same terms to the concession holders owned by local authorities as those owned by the state.
14	MD 2356/1995 Specifications of thalassotherapy centres for their inclusion in the incentives scheme of L.1892/90, as in force	1, par. 2.2d	Centres of therapeutic tourism	All thalassotherapy centres have to be constructed within a 5 km distance from high class hotels having a capacity of at least two times the capacity of the thalassotherapy centre.	Geographical restriction	According to the Ministry of Tourism: Consumer protection, quality of services and viability of the investment: providing adequate quality accommodation within a reasonable distance for visitors (usually high-income) of thalassotherapy centres (luxury establishments).	The provisions pose unreasonable minimum (capacity, distance and quality) restrictions and therefore set geographical fragmentations that may be a barrier to entry in the case for small or some suppliers. The competition is harmed by limiting the range of potential suppliers. Also it may work as an unequal treatment of some suppliers relative to the others.	Abolish.

Sector: TOURISM								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
15	MD 9833/2009 : Determination of terms and conditions for the operation of Therapeutic Treatments Units, Therapeutic Tourism centres and Thalassotherapy Centres, and the financial surcharges of the procedure and the necessary documentation for the acquisition of a special operation sign	3+4	Centres of therapeutic tourism	All therapeutic/healing centres and therapeutic tourism centres are obliged to apply once a year for a proper Operation Certificate.	Licensing	According to the Ministry of Tourism: Consumer protection, quality of services and protection of public health.	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
16	L.3498/2006 'On the Development of Therapeutic Tourism and other provisions'	45	Centres of therapeutic tourism/hotels	Main tourist resorts (hotels, etc.) are obliged to notify the Hellenic Chamber of Hotels of their price lists. The Hellenic Chamber approves their titles and their translation.	Prices	According to the Ministry of Tourism: Notification of prices aims at consumer information and protection.	In addition to price rigidity which could be induced by a notification mechanism, the notification to the trade association may be conducive to co-ordination among members and potentially result in higher prices and lower quality.	Abolish.
17	MD 23908/1991 Construction specifications for conference centres for inclusion in the incentive scheme of Law.1892/90	1 par 2.2.3.	Convention/conference centres	Establishment of conference centres pre-supposes the existence of hotels in the area (the range varies according to the size of the conference centre),	Geographical restriction	According to the Ministry of Tourism: Consumer protection, quality of services and viability of the investment: providing adequate quality accommodation for visitors within a reasonable distance.	The provision set unreasonable fragmentations that may lead to geographical ones and constitute a barrier to entry in the case for small or some suppliers therefore competition is harmed by limiting the range of potential suppliers, also it may work as an unequal treatment of some suppliers relative to others.	Abolish.
18	MD 23908/1991 Construction specifications for conference centres for inclusion in the incentive scheme of Law.1892/90	3 par 3.3.1 and 3.1.3.	Convention/conference centres	The Greek Tourism Organisation (E.O.T.) assesses whether there is a need for the establishment of a conference centre. If the land belongs to EOT there is no need for approval/authorisation of the need.	Licensing	Overall planning for the development of MICE tourism. Land belonging to EOT is designated for tourism development and cannot be used otherwise.	The provision leads to an unnecessary intervention of the state in the decisions of a private investor, therefore distorting potentially the allocation of resources.	Abolish.
19	L.3872/2010 Provision of touring trips by vessels bearing the flag of third countries and departing from Greek ports and other provisions	1	Cruises	The journey of the cruise ship must last at least forty-eight (48) hours.	Barrier to entry/fragmentation of activities	According to the recitals: To distinguish cruises from regular sea transportation and to protect Greek ferries and the transportation of passengers.	The provision restricts the range of services that cruises can offer and the number of suppliers that compete in the market. However, the potential benefits from lifting this restriction should be assessed in conjunction with the implications for sea transportation services and the universal service obligation.	No recommendation for change on this specific provision. However, this should be read in connection with our recommendation on round trips in row 20.

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20	L.3872/2010 Provision of touring trips by vessels bearing the flag of third countries and departing from Greek ports and other provisions	1	Cruises	It is obligatory that the final port of Greek disembarkation should be the same as the original Greek port of departure of the passengers.	Unequal treatment of suppliers	Recitals (original form of L.3872/ 2010): To distinguish cruises from regular sea transportation and to protect Greek ferries and the transportation of passengers.	The provision restricts the range of services that cruises can offer and the number of suppliers that compete in the market. However, the potential benefits from lifting this restriction should be assessed in conjunction with the implications for sea transportation services and the universal service obligation.	Given the vital role of ferry transportation for the Greek economy, any deregulation of the cruise market should be the product of detailed research of the linkages between the cruise and ferry markets. The direction of cruise market deregulation should be towards the enhancement of competition among cruise operators, the enrichment of the cruise tourist product, the increase of market efficiency and, at the same time, setting disincentives to cruise operators to opportunistically substitute ferry transportation. To this end, we propose two options. Option 1: abolishing the round trip restriction and keeping the 48 hour minimum cruise duration restriction (see row 19). Option 2: A more conservative option is to lift the round-trip restriction only for cruises that end in destinations that are subsidised for ferry transportation.
21	MD 117/2010 Determination of the documentation and definition of the content of the Agreement for the provision of touring trips by vessels bearing the flag of third countries departing from Greek harbours in accordance with Art.1 par.1 of Law 3872/2010	2	Cruises	A specific contract with the maritime authority is required for the cruises of ships of third countries.	Unequal treatment of suppliers	Abolished	Abolished.	No recommendation for change.
22	MD 117/2010 Determination of the documentation and definition of the content of the Agreement for the provision of touring trips by vessels bearing the flag of third countries departing from Greek ports in accordance with Art.1 par.1 of	2	Cruises	Duration of Contract, probably between the port authority and the cruise company 1. The contract shall be (up to three years) starting with the signature. 2. The contract may be extended upon written agreement of the parties, for a period which may not exceed, in any case, 50% of the initial term of the contract.	Unequal treatment of suppliers	Abolished.	Abolished	No recommendation for change.
23	MD 59/2010 Determination of the levy under the provision of Article 2 of Law 3872/2010 (Government Gazette A 148) "Leisure travellers' voyages by vessels flying the flag of third countries starting from a Greek port."		Cruises	Cruiser ships registered in third countries starting from a Greek port must pay extra contribution fees: a) the amount of the contribution is defined, per passenger per round trip, in the amount of three euro and ninety-five cents (EUR 3.95); b) the initial amount of levy is reduced by 20%, on the condition that the company employs Greek seamen in a number corresponding to at least 1% of the total number of crew members; c) the amount of the levy is reduced by 7% for each additional Greek port approached by the ship, explicitly excluding the departure port, during the same voyage under the programme of the travel company.	Barrier to entry/increasing cost, unequal treatment of suppliers	Implicitly abolished.	The provision has already been abolished but should be explicitly abolished because it can create regulatory uncertainty.	Explicitly repeal the provision.

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24	PD 122/A' 75/1995 Procedure of provision of touring trips between Greek harbours by passenger vessels	2	Cruises	Embarking and disembarking passengers/travellers at intermediate ports is prohibited. During the journey, the passenger is required to follow the course of the ship for the entire duration of the touring trip, but he/she can leave the ship and remain on land for the duration of the stay of the ship at each port .	Unequal treatment of suppliers/ Barrier to entry/ fragmentation of activities	According to the Ministry of Maritime affairs, the provision aims at ensuring that passengers will be disembarked at the same port where they were embarked.	The provision restricts the range of services that cruises can offer and the number of suppliers that compete in the market. However, the potential benefits from lifting this restriction should be assessed in conjunction with the implications for sea transportation services and the universal service obligation.	See restriction on round trips in row 20.
25	PD 122/A' 75/1995 Procedure of provision of touring trips between Greek harbours by passenger vessels	2	Cruises	In sea journeys in Greece lasting for more than 48 hours, the passengers/tourists are free to discontinue their journey at intermediate ports, if they have been provided with a ticket for the entire journey and to continue their trip either in a subsequent route of the same duration of the same ship or of another ship of the same or another company that collaborates with the first company. The Captain is responsible for declaring to the Port Authority the names of the passengers who have interrupted their journey.	Barrier to entry/increasing cost	According to the Ministry of Maritime Affairs, the provision aims at ensuring that passengers will be disembarked at the same port where they were embarked.	The provision restricts the range of services that cruises can offer and the number of suppliers that compete in the market. However, the potential benefits from lifting this restriction should be assessed in conjunction with the implications for sea transportation services and the universal service obligation.	See restriction on round trips in row 20.
26	L 3409/2005 Recreational diving and other provisions	7, 4	Diving tourism businesses	Provision of diving tourism services is subject to licensing. The licence is of a 5-year duration. There is a fee of EUR 1 500 for the grant and renewal of the licence.	Licensing	According to the Ministry of Maritime affairs, the specific fees aims to compensate the expenses of the Coast Guard activities to ensure safety in diving tourism.	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However, we note that any payable fee should be proportionate to the investment cost.
27	MD/Joint 16793/23.09.2009 Specifications for Recreational Theme Parks for their inclusion in the incentive scheme of Law 3299/2004	6	Entertainment theme parks	Licensing procedures for the establishment of theme parks are set.	Licensing	It is our understanding that the licensing framework aims at ensuring the legal operation of all tourism businesses; keeping record of all legally operating businesses; consumer protection, public safety and health and quality of services.	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
28	MD/Joint 16793/23.09.2009 Specifications for Recreational Theme Parks for their inclusion in the incentive scheme of Law 3299/2004	7	Entertainment theme parks	A special operating licence issued by the Greek National Tourism Organization (EOT) is set.	Licensing	It is our understanding that the licensing framework aims at ensuring the legal operation of all tourism businesses; keeping record of all legally operating businesses; consumer protection, public safety and health and quality of services.	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
29	MD/Joint 16793/23.09.2009 Specifications for Recreational Theme Parks for their inclusion in the incentive scheme of Law 3299/2004	1§5	Entertainment theme parks	Theme parks are allowed to be established either as units or in combination with hotels as far as the latter are classified at least as 3 star hotels.	Barrier to entry/ increasing cost	Ministry of Tourism : Consumer protection, quality of services and viability of the investment: providing quality accommodation for visitors.	The provision sets unreasonable minimum quality limits that may be a barrier to entry in the case for small or some suppliers therefore competition is harmed by limiting the range of potential suppliers. Also it may work as an unequal treatment of some suppliers relative to others.	Abolish.
30	MD/Joint 16793/23.09.2009 Specifications for Recreational Theme Parks for their inclusion in the incentive scheme of Law 3299/2004	3§3	Entertainment theme parks	Theme parks may be established in urban areas with a population of over 40 000 or within 60 km (1 hour journey time) from urban areas and communities with a total population of 40 000.	Geographical restriction	According to the Ministry of Tourism : Consumer protection, quality of services and viability of the investment: ensuring that theme parks are accessible from main cities.	The provisions pose unreasonable minimum (capacity and quality) limits and set geographical fragmentations that may be a barrier to entry in the case for small or some suppliers therefore competition is harmed by limiting the range of potential suppliers. Also it may work as an unequal treatment of some suppliers relative to others.	Abolish.

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31	MD/Joint 16793/23.09.2009 Specifications for Recreational Theme Parks for their inclusion in the incentive scheme of Law 3299/2004	3§7	Entertainment theme parks	For the establishment of theme parks the operation of main accommodation facilities (2 - 5 star hotels) within a distance of 60 km is obligatory. Other accommodation types are not mentioned. Moreover, an accommodation capacity of at least 3 000 beds is required in the case of large-scale theme parks, but the latter are not specified.	Geographical restriction	According to the Ministry of Tourism: Consumer protection, quality of services and viability of the investment: providing adequate quality accommodation for visitors within a reasonable distance.	The provisions pose unreasonable minimum (capacity and quality) limits and set geographical fragmentations that may be a barrier to entry in the case for small or some suppliers therefore the competition is harmed by limiting the range of potential suppliers, also it may work as an unequal treatment of some suppliers relative to others.	Abolish.
32	L. 2971/2001 Seashore, beach and other provisions	13	Environmental provisions/urban - rural planning/land use	If use of the beach is granted by a concession for umbrellas/seats, the dimensions of the beach under concession should not exceed 500 m2 per concession. If there is more than one concessions for such a purpose, there should be a distance of at least 100 m2 between parts of the beach under concession. This provision is not applicable if the concession is granted to owners of nearby shops for the part of the beach in front of their shops.	Unequal treatment of suppliers	The objective of the provision, according to the recitals, is to avoid crowded areas and to prevent from abusing the public use of the seashore.	The provision ensures free access to the public and equal treatment to all suppliers. Therefore it does not appear to restrict competition.	No recommendation for change.
33	L. 3986/2011 Emergency measures for the implementation of the medium-term framework of fiscal strategy 2012-2015	14A	Environmental provisions/urban - rural planning/land use	For the exploitation of public land in existing hotels or tourist villages, that is transferred to TAIPED as state property to be privatised, direct concession of the surrounding sea shore and the beach is allowed for the establishment or use of tourist port facilities, so long as the capacity of such a facility does not exceed 10% of the number of rooms of the hotel or 50% of the number of bungalows. Such rights are only granted if there is no tourist port at a distance of 1 km.	Geographical restriction	The law provides incentives for potential investors to invest in Greek State Properties. According to the recitals, hotel/tourist villages tourist ports serve clients of these facilities and they are distinguished from (regular) tourist ports.	The laws provides the incentive to the potential investors to build a small capacity marina without any further licensing, the restriction of 1 km from an existing regular marina creates a geographical barrier to the ability of some potential suppliers to develop such a facility in the state hotels that they are willing to invest to, but is reasonable for the unfair competition that existing marinas otherwise would come against to, therefore no competition issues are raised.	No recommendation for change.
34	L.3498/2006 'On the Development of Therapeutic Tourism and other provisions'	51	Environmental provisions/urban - rural planning/land use	Tourist resorts built in areas included in town planning or within the borders of residential areas prior to 1923 may proceed to change the use of their buildings notwithstanding the applicable building conditions (but pursuant to the building and construction regulation), so long as: a) they have been built legitimately, b) 20 or more years have gone by since their first licence of operation and c) they have not been included in the incentives schemes of development laws during the last 5 years.	Strategy to improve the quality of tourism	It was not possible to identify the objective of the provision.	The provision seems to aim at ensuring that tourist resorts in the specified areas are regulated under the relevant legislation. Since it is applied horizontally no further competition issues are analysed.	No recommendation for change.
35	MD 24208/2009 Approval of a special framework of urban spatial planning and of sustainable tourism development and the strategic environmental assessment thereof	5	Environmental provisions/urban - rural planning/land use	A) Established tourist areas For this type of region (developed tourist areas) the threshold of the integrity plot for building the main tourist accommodation, off plan and outside the village limits, is increased from four (4) acres currently to fifteen (15), while the maximum density is limited by the 10 and 12 beds/acre currently for five and four star hotels at 8 and 9 beds/acre. These settings do not apply to modernised tourist accommodation existing at the date of this publication, and when approval of suitability by EOT already exists, that the building permit will be issued within three years of publication.	Strategy to improve the quality of tourism	Overall strategic planning of new tourism investments, protection of saturated areas. The new jmd for tourism spatial planning is under public consultation.	The provision may pose competition issues but has the clear purpose for the lawmaker to strategically improve the quality of Tourism therefore no further competition issues are analysed.	No recommendation for change.
36	MD 24208/2009 Approval of a special framework of urban spatial planning and of sustainable tourism development and the strategic environmental assessment thereof	5	Environmental provisions/urban - rural planning/land use	Developing tourist areas: Reducing building new infrastructure for hospitality, restaurant and other tourism-related activity on the mainland, in villages and in a zone extending 500 meters from the limits of each plant when there is relative saturation (percentage of unstructured land < 40%). This limitation does not apply to: a) the expansion of existing facilities for reasons of sustainability of the business; b) to create special tourist infrastructure with or without accomodation (by nature associated with resource utilisation with strong spatial dependence, e.g. hot springs) and c) to create a small number of integrated tourism developments of Article 9 of this to support wider areas in which they operate.	Strategy to improve the quality of tourism	Overall strategic planning of new tourism investments, protection of saturated areas. The new jmd for tourism spatial planning is under public consultation.	The provision may pose competition issues, despite the original purpose of the lawmaker due to the exception of case a) applicable for sustainability issues that poses non objective criteria that may create unequal treatment of suppliers and reduce the number of them	The exception granted for reasons of sustainability of the business should be better defined in the provision, for instance by including criteria for a more objective assessment of sustainability.

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37	MD 24208/2009 Approval of a special framework of urban spatial planning and of sustainable tourism development and the strategic environmental assessment thereof	5	Environmental provisions/urban - rural planning/land use	Across all regions of the developed touristic areas the integrity threshold of the plot for building major tourist accommodation, outside the limits of general urban planning and outside settlements, is increased from four (4) acres to eight (8) acres, while maximum capacity is limited to 10.12 and 15 beds/acre that is in force today for hotels of five, four and three stars respectively at 8, 9 and 10 beds/acre.	Strategy to improve the quality of tourism	Overall strategic planning of new tourism investments, protection of saturated areas. The new jmd for tourism spatial planning is under public consultation.	The provision may pose competition issues but has the clear purpose for the lawmaker to strategically improve the quality of Tourism therefore no further competition issues are analysed.	No recommendation for change.
38	MD 24208/2009 Approval of a special framework of urban spatial planning and of sustainable tourism development and the strategic environmental assessment thereof	5	Environmental provisions/urban - rural planning/land use	Islands and coastal areas. For these areas only small hotels (up to 100 beds) are allowed within the village limits. Furthermore, the number of new beds may not exceed 5% annually the number of existing beds at the beginning of the year, with a minimum of 30 beds. However, those restrictions do not apply for camping sites.	Strategy to improve the quality of tourism	We understand that the provision is in line with the overall strategy to promote quality tourism and restrict building in saturated areas. Camping sites do not have the same environmental impact as hotel investments.	The provision leads to unequal treatment and a barrier to entry of new suppliers relative to old suppliers, due to annual limit on new capacity in certain geographic markets. It also appears difficult to implement and monitor.	Abolish.
39	MD 24208/2009 Approval of a special framework of urban spatial planning and of sustainable tourism development and the strategic environmental assessment thereof	9	Environmental provisions/urban - rural planning/land use	The development of complex integrated tourism infrastructure and mixed-use resorts is not permitted in mountainous areas (altitude > 600 m), forests and woodland, agricultural land of high productivity except as provided in paragraph B of Article 8 in metropolitan areas and on islands with an area of less than 90 000 acres (of 122 inhabited islands, with the exception of Crete, it is allowed on 30 islands).	Strategy to improve the quality of tourism	Overall strategic planning of new tourism investments, protection of saturated areas. The new jmd for tourism spatial planning is under public consultation.	The provision may pose competition issues but has the clear purpose for the lawmaker to strategically improve the quality of Tourism therefore no further competition issues are analysed.	No recommendation for change.
40	MD 24208/2009 Approval of a special framework of urban spatial planning and of sustainable tourism development and the strategic environmental assessment thereof	9	Environmental provisions/urban - rural planning/land use	Especially in the areas of Natura (NATURA) 2000 new stricter restrictions are set; these restrictions do not apply to already existing tourist establishments at the date of this publication, organised tourism receptors that can be modified without exceeding those projected upon approving of the transaction, terms and building size.	Strategy to improve the quality of tourism	Overall strategic planning of new tourism investments, protection of saturated areas, environment protection. The new jmd for tourism spatial planning is under public consultation.	The provision may pose competition issues, to the extent that it favours existing buildings and creates a preferential treatment for incumbents. However, we understand that the provision identifies specific criteria for old establishments (i.e. they can build within the limits already included in the original plan / application).	No recommendation for change.
41	MD 24208/2009 Approval of a special framework of urban spatial planning and of sustainable tourism development and the strategic environmental assessment thereof	9	Environmental provisions/urban - rural planning/land use	Specific to islands with an area greater than 90 km ² , the following restrictions are in place: a. For islands with a surface of 90-100 km ² : the available surface for the development of tourism infrastructure cannot exceed 2% of the total surface; b. For islands with a surface of 100 -150 km ² : the available surface for the development of tourism infrastructure cannot exceed 1.5% of the total surface; c. For islands larger than 150 km ² : the available surface for development of tourism infrastructure cannot exceed 1% of their total surface.	Strategy to improve the quality of tourism	Overall strategic planning of new tourism investments, protection of saturated areas, environment protection. The new jmd for tourism spatial planning is under public consultation.	The provision may pose competition issues but has the clear purpose for the lawmaker to strategically improve the quality of tourism therefore no further competition issues are analysed.	No recommendation for change.

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42	MD 24208/2009 Approval of a special framework of urban spatial planning and of sustainable tourism development and the strategic environmental assessment thereof	5 B.1	Environmental provisions/urban - rural planning/land use	A building restriction applicable to new tourist infrastructure is not applicable for the expansion of existing infrastructure (if the latter expands for reasons of viability), to special tourist infrastructure or to a form of mixed-use and integrated infrastructure.	Strategy to improve the quality of tourism	Policy priority (encouragement of upgrading existing infrastructure, special tourist infrastructure and mixed-use resorts).	The provision may pose competition issues, to the extent that it favours existing buildings and creates a preferential treatment for incumbents. However, we understand that the provision identifies specific criteria for old establishments (i.e. they can build within the limits already included in the original plan / application).	The exception granted for reasons of sustainability of the business should be better defined in the provision, for instance by including criteria for a more objective assessment of sustainability.
43	MD 24208/2009 Approval of a special framework of urban spatial planning and of sustainable tourism development and the strategic environmental assessment thereof	5. E.3, F and G	Environmental provisions/urban - rural planning/land use	Existing tourist businesses are exempt from certain building restrictions with regard to new tourist businesses in: a) islands and the applicable distance from the seashore; b) mountainous areas and the applicable distance from village limits; and c) in areas classified as NATURA 2000 or environmentally challenged and the applicable distance from village limits.	Strategy to improve the quality of tourism	Overall strategic planning of new tourism investments, protection of saturated areas, environment protection. The new jmd for tourism spatial planning is under public consultation.	The provision may pose competition issues, to the extent that it favours existing buildings and creates a preferential treatment for incumbents. However, we understand that the provision identifies specific criteria for old establishments (i.e. they can build within the limits already included in the original plan / application).	No recommendation for change.
44	P.D. 14/1999 Urban planning code (codifying inter alia, PD 06/17-10-1978 and PD 20/ 28-01-01988)	173 E par. 7	Environmental provisions/urban - rural planning/land use	The provision applies to buildings in unzoned areas (<i>ektos schediou</i>). The maximum surface of land under exploitation (<i>εκμετάλλευση</i>) is 4 000 m ² . To exceed such a limit, the operator is obliged to either transfer to the local authority responsible for the area where the land is located, an equivalent piece of land or an amount of money, to be determined in accordance with the legislation.	Barrier to entry/increasing cost	The general principle of the provisions applicable to tourist infrastructure is to protect the agricultural land of high productivity and the natural environment.	The provision may create restrictions for the businesses wishing to develop larger areas. However, it provides for a mechanism to overcome this limit. Moreover, it is in line with the general policy of the State on planning in unzoned areas.	No recommendation for change.
45	P.D. 14/1999 Urban planning code (codifying inter alia, PD 06/17-10-1978 and PD 20/ 28-01-01988)	173 E par.11	Environmental provisions/urban - rural planning/land use	The provision applies to buildings in unzoned areas (<i>ektos schediou</i>). The use of buildings constructed pursuant to the provisions of this PD may not change if the applicable building terms for the new use are stricter than the ones for the old use. This is applicable for both new and existing buildings.	Barrier to entry/increasing cost	The general principle of the provisions applicable to tourist infrastructure is to protect the agricultural land of high productivity and the natural environment.	The provision applies horizontally to all suppliers and does not distort competition.	No recommendation for change.
46	P.D. 14/1999 Urban planning code (codifying inter alia, PD 06/17-10-1978 and PD 20/ 28-01-01988)	173 G	Environmental provisions/urban - rural planning/land use	The provision applies to buildings in unzoned areas (<i>ektos schediou</i>). New tourist facilities must not dispose of liquid waste in the sea. They must possess facilities for the processing of liquid waste.	Unequal treatment of suppliers	The general principle of the provisions applicable to tourist infrastructure is to protect the agricultural land of high productivity and the natural environment.	The provision may result in unequal treatment and a barrier to entry of new suppliers relative to old (grandfather clause). If not already provided for, existing infrastructure should also comply with the provision, possibly within a transition period.	The provision should also apply to existing infrastructure, possibly within a transition period, if this requirement is not already covered by other legislation.
47	P.D. 14/1999 Urban planning code (codifying inter alia, PD 06/17-10-1978 and PD 20/ 28-01-01988)	173, C point h	Environmental provisions/urban - rural planning/land use	The provision applies to buildings in unzoned areas (<i>ektos schediou</i>). The general rule is that the minimum surface of a plot of land on which a tourist facility is built should be at least 4 000 m ² . As an exception, organised campsites (camping), should have a minimum surface of 8 000 m ² ; however, building terms are less favourable compared to the general ones (touristic exploitation of 2 000 m ² instead of 4 000 m ² , percentage of coverage of 10% instead of 20%).	Barrier to entry/increasing cost	The general principle of the provisions applicable to tourist infrastructure is to protect the agricultural land of high productivity and the natural environment. It is our understanding that the exception of 8 000 m ² is because camping normally extend over a larger area but are not "heavy" (in building terms) installations.	The provision may appear to represent a barrier to entry, since it provides for a minimum scale of investment. However, it is applied horizontally to all supplier and is in line with the policy of the State with regards to planning in unzoned areas (e.g. as applicable to residential buildings). Therefore it appears proportionate to the objective.	No recommendation for change.
48	PD 337/2000 On the Classification of rooms and apartments for rent into categories on the basis of the key classification system	3	Environmental provisions/urban - rural planning/land use	In the category of key ranking classification: i) furnished rooms that meet the minimum requirements of the class of three keys, collect ratings from 5 501 to 8 000 points based on (optional) criteria, ii) furnished apartments for rent that meet the minimum requirements of the class of three keys and collect extra scores from 5 001 to 7 500 points based on (optional) criteria.	Unequal treatment of suppliers	According to the general principle of this PD, the objective is to rank and classify the categories of 2 keys, 3 keys and 4 keys based on the points assigned to each operation	The provision may result in unequal treatment of suppliers due to the inconsistent threshold of points for the reward of the stars or keys ranking system between rooms and furnished apartments.	With the assumption that furnished rooms and apartments compete against each other, a more proportionate ranking system of points could be considered with equal treatment for all cases.
49	L. 3498/2006 On the Development of Therapeutic Tourism and other provisions'	37	Furnished apartments and rooms to rent	Quotations of price lists to local confederations.	Prices	Ministry of Tourism : protection of the consumer/recipient of the service.	In addition to price rigidity which could be induced by a notification mechanism, the notification to the trade association may be conducive to co-ordination among members and potentially result in higher prices and lower quality.	Abolish.

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50	MD 14737/9-11-2011 (ΦΕΚ Β' 2607/08/11/2011)	17	Furnished apartments and rooms to rent	It is permitted to lease property or business units that are managed by the company "Greek Tourist Properties SA" in accordance with Article 13 of Law 2636/1998, as amended by article 9, paragraph 6 of Law 2837/2000 "and real estate managed by the Public Real Estate Corporation (KED) for a duration of up to 99 years, notwithstanding Article 610 of the Civil Code. The above mentioned contract is exempt from any tax, duty or right of the State or third parties. The rights and fees of notaries, lawyers and registrars for the contracts and any other to realise this practice are limited to 10% thereof.	Preferential treatment of the State	The granting of such privileges to the Greek state can be justified by the general principles and overall logic of the legal system applicable in Greece.	That provision may significantly raise cost for the private investors by having them at a competitive disadvantage relative to the state acting as an investor therefore may lead to unequal treatment of suppliers	The exemption from taxes, duties and fees should be removed from the provision.
51	Decision of the General Secretary of the Greek Tourism Organization (E.O.T.) no 515237/2012 'Approval of prices of furnished rooms and apartments for rent and of furnished tourist residences and villas and determination of cases on which discounts are	1, 2 and 4	Furnished residences and villas	Price lists of furnished residences and villas and any variations should be communicated to and approved by local associations of such businesses.	Prices	According to the Ministry : protection of the consumer/ recipient of the service	In addition to price rigidity which could be induced by a notification mechanism, the notification to the trade association may be conducive to co-ordination among members and potentially result in higher prices and lower quality.	Abolish.
52	Decision of the General Secretary of the Greek Tourism Organization (E.O.T.) no 530992/1987 Technical specifications of the campsites, tourist residences and villas	Recital	Furnished residences and villas/hotels/org anised campsites (camping)	Suitability of the land on which tourist resorts are built (including furnished residences and villas) should be approved by the Greek Tourism Organisation (E.O.T.).	Licensing	Overall planning. Ensure that all applicable specifications are fulfilled (e.g. minimum distance from military camps, cemeteries, waste disposal areas, noisy activities etc.).	The provision leads to an unnecessary intervention of the state in the decisions of a private investor, therefore distorting potentially the allocation of resources.	The provision regarding the suitability of the plot can create regulatory uncertainty. It should be better defined in the Law.
53	CL 431/1937 'On provisions related to the inspection of hotels and the protection of their clientele'	1 to 5, 18	Hotels	Hotels are obliged to maintain stable prices for time periods determined by the competent Committee. Prices may be modified by the Committee. Discounts are only allowed to the extent provided for in the CL.	Prices	Obsolete.	The provision is obsolete and can create regulatory uncertainty. It should be explicitly abolished.	Explicitly repeal the provision.
54	CL 431/1937 'On provisions related to the inspection of hotels and the protection of their clientele'	6, 11	Hotels	Use of buildings as hotels may be restricted by means of a Royal Decree. In the event of change of hotel owner or transfer of the hotel, a new licence is required. Building or expansion of hotels is subject to a licence by the competent Authorities (certain hotels are exempt from such an obligation).	Unequal treatment of suppliers	Obsolete.	The provision is obsolete and can create regulatory uncertainty. It should be explicitly abolished.	Explicitly repeal the provision.
55	L. 3766/2009 On the Operational arrangement of tourist resorts and the licensing of swimming tanks	6	Hotels	The amounts of the annual subscription fees paid by businesses - fees calculated per bed in accordance with the capacity of the hotels (chamber members regardless of their category, with a capacity of up to 30 beds pay a fee (per bed) of EUR 120, for chamber members with a capacity of 31 to 75 beds EUR 240, etc). A one-time fee is required for obtaining the first special operational sign. The fee is determined per room as follows: a) for four to five star hotels, EUR 15; b) for three, two, one star hotels, EUR 10, c) for camping, EUR 10 per place and tent. More fees are set on the transfer and sale of hotels, and generally in case of change of the person legally liable for the hotel.	Barrier to entry/increase in cost	According to the recitals : The updating of the provisions governing the Hellenic Chamber of Hotels. There is no specific reasoning for the determination of the amounts.	This provision contains multiple fees for the same activity with different applicable criteria each time. It may cause a significant burden to businesses and potentially barriers to entry/exit.	No recommendation for change.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
56	L. 3766/2009 On the Operational arrangement of tourist resorts and the licensing of swimming tanks	6	Hotels	For sociétés anonymes the right to be a candidate in chamber elections goes to the shareholder who is also Chairman of the Board and CEO. If no shareholder can exercise such functions, the right of candidature goes to the shareholder designated by the Board of Directors from among those whose shares represent ten percent (10%) of the paid share capital. Only shareholders can be candidates for chambers elections.	Barrier to entry/increasing cost/unequal treatment of suppliers	Recitals : The updating of the provisions governing the Hellenic Chamber of Hotels. There is no specific reasoning for the terms of being a candidate in the elections	The restriction that only shareholders of the companies can participate on the board of directors of the Greek Chamber of Hotels may be a barrier to be represented in the Chamber for some suppliers therefore may pose a harm to Competition. Moreover it may restrict entry to the market and supply.	Abolish.
57	L. 4002/2011 'Provisions for development and fiscal consolidation - Issues of competence of the Ministries of Finance, Culture and Tourism and Labour and Social Security'	10	Hotels	Certain categories of tourist resorts (including hotels) are exempt from the building terms of the applicable legislation and are subject to special conditions so long as they are built following demolition of old tourist resorts and are combined with at least one facility of special tourism infrastructure.	Unequal treatment of suppliers	According to the recitals : To provide incentives for the demolition of old buildings and their replacement by buildings with modern specifications.	The priority policy of the lawmaker in order to provide incentives for the old tourist building to be replaced is reasonable, however it may pose unequal treatment of the suppliers. Also it may raise significantly cost of production for some suppliers relative to others.	Abolish.
58	L.3185/1955 'Centres of foreigners' vacation in Greece'	2	Hotels	Centres of foreigners' holidays in Greece are subject to licensing by the Greek Tourism Organisation (E.O.T.).	Licensing	Obsolete.	The provision is obsolete and can create regulatory uncertainty. It should be explicitly abolished.	Explicitly repeal the provision.
59	L.3185/1955 'Centres of foreigners' vacation in Greece'	3	Hotels	Centres of foreigners' holidays in Greece may not be established within 5 km of the area where other such centres operate, unless the latter provide their consent.	Geographical restriction	Obsolete.	The provision is obsolete and can create regulatory uncertainty. It should be explicitly abolished.	Explicitly repeal the provision.
60	L.4070/2012 'Regulation of electronic communications, transport, public works and other provisions.'	155	Hotels	The Article sets out the specific qualifications for managers of hotels and campsites.	Barrier to entry/increasing cost	Recitals : The provisions are simplified and rationalised, in order to meet the conditions and current supply situation of the touristic market. Protection of the consumer, quality of services.	The provisions may pose unreasonable minimum criteria for the qualifications of Hotel Managers that may be a barrier to entry in the case for some suppliers therefore the competition is harmed by limiting the range of potential suppliers. Also it may work as an unequal treatment of some suppliers relative to others.	Abolish.
61	L.4070/2012 'Regulation of electronic communications, transport, public works and other provisions.'	150 par.2	Hotels	Main tourist resorts (including hotels) may only be granted a Special Operation Sign if they have paid their contribution to the Hellenic Chamber of Hotels.	Barrier to entry/increasing cost	No reasoning in recitals. Ministry of Tourism : The Hellenic Chamber of Hotels is a public body supervised by the Ministry of Tourism. Membership is obligatory for hotels as is the case with many professions/businesses.	This obligation may pose a barrier to entry and have an exclusion effect for some suppliers in new markets that are not willing to participate in the Chamber of Hotels.	Abolish.
62	MD 96967/2012 Health requirements and conditions for the operation of food and beverage businesses and other provisions	4	Hotels	Shops of health interest are subject to licensing.	Licensing	Ensuring legal operation of all tourism businesses. Keeping record of all legally operating businesses. Consumer protection, public safety and health and quality of services.	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
63	P.D. 43/2002 'Classification of main tourist resorts into categories on the basis of the stars classification system and technical specifications thereof"	1.A and C.	Hotels	Existing buildings converted into hotels (obligatory for 1-star rank) may not be expanded by the addition of new rooms and beds, etc., but only by improvement of their services.	Barrier to entry/increasing cost	Policy priority (encouragement of upgrading existing infrastructure).	Severe harm to competition and unequal treatment of suppliers from this restriction only for hotels rated with 1 star since all other star rated hotels can alter the size or their capacity according to their needs.	Abolish.
64	PD 19/1923 'Inspection of price lists of hotels and restaurants'	2	Hotels	Prices of hotels may be modified by the competent authority.	Prices	Obsolete	The provision is obsolete and can create regulatory uncertainty. It should be explicitly abolished.	Explicitly repeal the provision.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
65	R.D. of November 25/December 7, 1937 On the titles of hotels	1 to 4	Hotels	Name of hotels and translation thereof into a foreign language are subject to the authorisation of the Chamber of Hotels.	Licensing	Protection of intellectual property rights and to avoid consumer confusion in cases of similar titles of 2 hotels in an area. Titles are approved by Chamber of Hotels (not the Ministry), pursuant to art.45 of law 3498/06.	The chamber of hotels (despite the fact that it is a public body) represents the interests of tourism business, therefore competition issues may arise if the chamber of Hotels does not treat equally all its members in a case of an approval of a hotel name that may lead to disputes.	The procedure of hotel name approvals represents an administrative burden and as such it should be reviewed by the competent authorities.
66	RD 1-07/1938 On the qualifications of hoteliers and hotels	5	Hotels	Conditions are set out for the licensing of hotels.	Licensing	Qualifications of hoteliers are set in article 155 of law 4070/2012. Quality of services, consumer protection.	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
67	PD 33/ 1979 'On tourist accommodation in traditional buildings'	1 to 7	Hotels/furnished residences and villas	Hotels in traditional buildings are subject to licensing by the General Secretary of the Greek Tourism Organisation (E.O.T.).	Licensing	Ensuring legal operation of all tourism businesses. Keeping record of all legally operating businesses. Consumer protection, public safety and health, quality of services	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
68	PD 33/1979 'On tourist accommodation in traditional buildings'	8	Hotels/furnished residences and villas	The licensees of hotels in traditional buildings must communicate their prices to the Greek Tourism Organisation (E.O.T.). The E.O.T. approves such prices and sets applicable rates of discounts. [We understand from Ministry experts that the provision regarding approval has been abolished, while notification is still required.]	Prices	According to the Ministry of Tourism : protection of the consumer/ recipient of the service.	The notification of prices represents an administrative burden for businesses leading to menu costs. Therefore the obligation to notify any price change could lead to price rigidity as businesses may not have an incentive to adapt their prices to market conditions.	Abolish.
69	MD 2868/2004 Regulation of mountain resorts	1	Mountain shelters	A mountain shelter is a building facility with up to 80 beds at an altitude of over 900 m, which aims mainly at servicing of mountaineers, climbers, hikers, nature lovers, skiers and researchers of nature for one or a few days.	Barrier to entry/increasing cost	Consumer protection, public safety and health, quality of services and viability of the investment	The provision might be a barrier to entry in the case of big investments of above 80 beds thus limiting the range of potential suppliers. Also it may work as an unequal treatment of some suppliers relative to others. Moreover the provision that accommodation services are provided for a few days to the mountaineers does not set an objective criteria for the services provided by the mountain resorts.	Since it is not obligatory for all hotels located at high altitude to be covered by the provisions applicable to shelters and given that the primary purpose of a mountain shelter is to provide shelter and safety for mountaineers and climbers in danger, no competition issues are identified.
70	MD 2868/2004 Regulation of mountain resorts	2 and 4	Mountain shelters	A special committee proposes specific rates to the Minister of Development. The rates will be proposed by the Commission of Article 2 and approved by the Minister of Development. A notice board with the price lists must be displayed. The charge for spending the day in a mountain resort must represent 20% of the specified charge for overnight stay.	Prices	According to the Ministry : protection of the consumer/ recipient of the service.	The approval of prices by the Ministry leads to price rigidity due to menu costs - especially downward price rigidity - an incentive to submit high prices and relatively low transparency for consumers (as businesses have an incentive to informally apply discounts without prior approval).	Since it is not obligatory for all hotels located at high altitude to be covered by the provisions applicable to shelters and given that the primary purpose of a mountain shelter is to provide shelter and safety for mountaineers and climbers in danger, no competition issues are identified. However the specific 20% rate restriction on daily prices seems unnecessary to meet the objective and should be explicitly abolished.
71	Circular 3340/2012 Clarification on the inspection of trips performed by Commercial - T/P Professional ships		Recreational vessels	Recreational vessels may not compete with ships and small vessels provided for in Art. 14 of L.2743/99 (performing sea trips and trips for sea swimming).	Barrier to entry/ artificial market segmentation	According to the Ministry of Maritime Affairs, the aim is to distinguish recreational vessels from vessels performing daily trips regulated by PD 122/1995. It is also our understanding that this regulation aims to differentiate a) the different forms of maritime tourism (recreational trips vs. cruise tourism) and b) maritime tourism vs. coastal and cargo shipping. The approval of the passengers list by the port authority aims at the passengers' protection.	The provision artificially fragments the maritime tourist market and prohibits any competition between the submarkets. A direct consequence is that it potentially leads to higher prices in both submarkets, lower offered quality and operational inefficiencies (especially in the daily sea trips submarket, which is protected from competition). Moreover, it creates disincentives for any new investment, either associated with new entry or with product and process innovation.	Abolish. It was noted that under the latest draft law regarding recreational vessels, the artificial fragmentation of the two markets remains by setting various activities boundaries, such as: a) total or partial chartering, b) a time duration boundary, 14 hours as a maximum limit for vessels performing sea trips and 8 hours as a minimum limit for bareboat chartering. In previous draft law more artificial barriers were suggested, e.g. a minimum capacity of 20 passengers for performing day leisure trips. All these artificial boundaries that fragment the two submarkets and limit the operational possibilities of boat owners should be lifted in view of the anti-competitive effects that they imply.
72	JMD 3342/2000 (476 B) 'Determination of terms and conditions of operation of ships and small vessels for sea trips or sea swimming'		Recreational vessels	Carriage of passengers by ships and small vessels for sea trips or sea swimming are subject to a notification to the competent Port Authority.	Licensing	According to the Ministry of Maritime Affairs the objective is for the Port Authority to be able to arrange the circulation in the area, for passengers safety	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
73	JMD 4113/2005 Determination of the specific technical and detailed criteria for classification of a professional or private recreational vessel as traditional and any other relevant issue	1 point b	Recreational vessels	Professional or private recreational vessels may be characterised as traditional only following the approval of the Ministry of Commercial Maritime Affairs.	Licensing	Based on the recitals of the law, the objective is to create a special category of vessels that are identified as traditional	This procedure appears to create administrative burden rather than having a distortionary impact on competition, assuming that the criteria followed for a vessel to be characterised as traditional are objective and transparent.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
74	L. 2743/1999 Recreational vessels and other provisions.	2	Recreational vessels	Professional recreational vessels are subject to licensing by virtue of an MD. The licence is subject to notification to the competent authority every five years.	Licensing	Not explicitly mentioned in the recitals. According to the Ministry of Maritime Affairs, the objective is to preserve the quality of sea tourism.	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
75	L. 2743/1999 Recreational vessels and other provisions.	12	Recreational vessels	Violation of the provisions of the law on prohibition of lease entails criminal sanctions.	Barrier to entry/fragmentation of activities	Not explicitly mentioned, it is presumed that its aim is to ensure enforcement. Ministry of Tourism: Protection of the passengers/ recipients of the service.	This provision does not appear to have an impact on competition.	No recommendation for change.
76	L. 2743/1999 Recreational vessels and other provisions.	10 par. 1 and 6 a.	Recreational vessels	Recreational vessels with foreign flags are not allowed to depart from Greek ports nor pick up passengers from Greek ports. A special tax is imposed on recreational vessels with foreign flags. The prohibition and the special tax do not concern vessels with an EU flag or a flag of equivalent status.	Unequal treatment of suppliers	According to the Ministry of Maritime Affairs, the objective is to limit illegal charters performed by non-EU vessels	Creates a barrier to entry for vessels with foreign flags and, thus, limits competition. However, since non-EU vessels have no tax obligation or any other operational and safety obligations under EU regulations they compete in an unequal way with vessels with an EU flag.	No recommendation for change.
77	L. 2743/1999 Recreational vessels and other provisions.	10 par. 6	Recreational vessels	With regard to private recreational vessels with foreign flags (other than Greek, EU, EEA), a special contribution in favour of the Greek State is imposed.	Unequal treatment of suppliers	No specific reasoning in the recitals. However, we note that the provisions concerns private recreational vessels, which are not considered to be an economic activity.	Since the provision concerns private recreational vessels, which do not perform an economic activity, it does not have any implication on competition.	No recommendation for change.
78	L. 2743/1999 Recreational vessels and other provisions.	13 par.4	Recreational vessels	Certain professional and private recreational vessels may be exempt by way of an MD from the obligation to regularly notify of their licence.	Unequal treatment of suppliers	According to the Ministry of Maritime Affairs, the objective is to reduce bureaucracy	It is a provision that reduces the bureaucratic burden of recreational vessels, i.e. reduces the required notification of their navigation documents, and, thus, it seems that it does not has any competition implications.	No recommendation for change.
79	L. 2743/1999 Recreational vessels and other provisions.	3 par. 3	Recreational vessels	The right to exploit professional recreational vessels is granted only to their owners, to brokers and to travel agencies (and not, for instance, to shipping agents).	Barrier to entry/ artificial market segmentation	According to the recitals : To protect the lessee of the vessel from arbitrary acts of the lessors, when the latter are not owners of the vessel. It is our understanding that shipping agents used to be allowed to exploit professional vessels	The provision unduly restricts the range of suppliers and therefore has the potential to distort competition. Under the new draft law it is going to be completely abolished.	Abolish the restriction of shipping agents from chartering.
80	L. 2743/1999 Recreational vessels and other provisions	3 par. 7 point b	Recreational vessels	The minimum fee for the lease (charter) of professional recreational vessels may be set by an MD.	Prices	According to the Ministry of Maritime Affairs, the objective is to deal with tax and VAT evasion	The provision never came in force. However due to the severe harm to competition that setting minimum prices would create, it must be completely abolished.	Abolish.
81	L. 2743/1999 Recreational vessels and other provisions.	3 par.1	Recreational vessels	Trips by vessels on the basis of a lease are only allowed for vessels with a Greek flag and foreign recreational vessels with an EU flag or a flag of equivalent status, which however may not approach islands.	Unequal treatment of suppliers	According to the Ministry of Maritime Affairs, recreational vessels with Greek or EU flags are allowed to approach islands	The provision concerning the right to approach islands by Greek / EU flags has been abolished. See row 76 above concerning the lease of non-EU vessels.	No recommendation for change.
82	L. 2743/1999 Recreational vessels and other provisions.	3 par.2 and 4 par. 4	Recreational vessels	Exploitation of professional recreational vessels is only allowed for a minimum of 12 hours. Professional recreational vessels may not compete with regular passenger vessels or carry goods on lease. A list of passengers is approved by the port authorities.	Barrier to entry/ artificial market segmentation	According to the Ministry of Maritime Affairs, the aim is to distinguish recreational vessels from vessels performing daily trips regulated by PD 122/1995. It is also our understanding that this regulation aims to differentiate a) the different forms of maritime tourism (recreational trips vs. cruise tourism) and b) maritime tourism vs. coastal and cargo shipping. The approval of the passengers list by the port authority aims at the passengers' protection.	Limits the services that owners of recreational vessels can offer and, as a consequence, limits their economic activity. The twelve hours restriction significantly reduces competition in sea tourism since it prevents recreational vessels from offering, for instance, mini daily excursions and compete with the vessels in the daily cruises market.	Abolish.
83	L. 2743/1999 Recreational vessels and other provisions.	3 par.7 point a	Recreational vessels	Lease (charter) of professional recreational vessels must last for a certain minimum number of days. This threshold must be met every five years.	Barrier to entry/ artificial market segmentation	Ministry of Maritime Affairs: it seems that the purpose of this provision is to prove the professional character of the vessel due to tax exemptions that only professional vessels enjoy. According to the official recital this provision intends to protect professional boat owners from occasionally rent seeking entry by other boat owners.	Limits the ability of some owners of recreational vessels to lease their vessels and, as a consequence, limits supply and reduces market competition.	Given the fact that this is a way of distinguishing professional vessels - which benefit from lower taxes than private vessels - no proposal. A better monitoring mechanism to minimise fraud should be introduced.
84	L. 2743/1999 Recreational vessels and other provisions.	4 par.2 point c	Recreational vessels	Professional recreational vessels may depart from ports without carrying passengers only upon authorisation by the competent port authority.	Barrier to entry/ increasing cost	According to the Ministry of Maritime Affairs the aim is to prevent from using professional vessels for private purposes.	The extra administrative procedure may pose a barrier to entry or an increasing cost procedure for the suppliers willing to entry/offer chartered vessels to clients from other starting places of a cruise apart ports.	No recommendation for change.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
85	L.3182/2003 Company of leisure vessels and other provisions.	41	Recreational vessels	The amount of a special tax is increased by a specific rate when imposed on professional vessels with a Greek flag (by virtue of this law, the applicable rate was reduced).	Unequal treatment of suppliers	From the official recital: reduced taxation in order to enhance the competitiveness of professional vessels.	It is a provision that reduces taxation of professional vessels compared with private use vessels, therefore there is no distortion of competition.	No recommendation for change.
86	L.438/1976 'On Tourist vessels and boats and nautical boats and provisions on customs and tax issues with regard to recreational vessels and boats.'	10 par. 3 point b	Recreational vessels	Various tax and tariff exemptions regarding professional vessels are provided for, depending on whether their trip takes place in Greece or abroad.	Unequal treatment of suppliers	It was not possible to identify the official objective of the provision	It is a tax provision which applies horizontally and not a restriction to competition in the Greek market.	No recommendation for change.
87	M.D. 3511/2003 Determination of the composition of the crew of professional recreational vessels		Recreational vessels	Foreigners (non-EU citizens) may only be employed on professional recreational vessels as 'Other Personnel' (they may not be a part of the 'organic' composition of the crew). The provision is not applicable to private recreational vessels.	Barrier to entry/increasing cost	It is our understanding that the aim is to protect Greek labour and no safety issues are relevant from this provision.	It may increase the operational costs of vessels and, as a consequence, it may affect their competitive position in the market. However, it is a labour issue and is governed by international law and practice.	No recommendation for change.
88	JMD 537154/1994 Procedures for issuing and granting Operational Sign to rent a Moto businesses	1	Motorcycle rental	Confirmation from the regional EOT office that the company has full and independent establishment of an area of at least 20 m ² if it uses up to 50 motorcycles, 35 m ² if it uses from 36 to 80 motorcycles and 100 m ² if it uses 81 motorcycles and more.	Barrier to entry/increasing cost	It is our understanding that the objective is to ensure minimum quality standards - According to the ministry of Tourism a new JMD is being drafted that abolishes the specific restriction	The provisions set unreasonable minimum space capacity limits on the amount of space needed from the suppliers side imposing a barrier to entry in geographical markets that are heavily populated. Therefore it could be a geographical fragmentation of the market. Moreover it might significantly raise cost for some suppliers relative to others.	Abolish.
89	JMD 537154/1994 Procedures for issuing and granting Operational Sign to rent a Moto businesses	1	Motorcycle rental	Additional paperwork and licensing procedures for renewing the special operational sign every five years.	Licensing	Abolished	Abolished.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
90	MD 16598/29.12.2010 Terms and conditions for the rental of motorcycles of above 50 cc, without a driver	2	Motorcycle rental	Businesses renting motorcycles over 50 cc without a driver must have a minimum number of leased motorcycles, as follows: a) businesses located in Attica: 35; b) businesses located within the administrative boundaries of the Municipality of Thessaloniki: 25; c) businesses located on the island of Crete: 20; d) businesses located on the islands of Rhodes and Corfu: 15; e) businesses located in other areas: 10.	Unequal treatment of suppliers	It is our understanding that the objective is to ensure minimum quality standards - According to the ministry of Tourism a new JMD is being drafted that abolishes the specific restriction	The provisions set unreasonable minimum capacity limits on the number of bikes from the suppliers side imposing a barrier to entry in geographical markets for small suppliers. Therefore it could be a geographical fragmentation of the market. Moreover it might significantly raise cost for some suppliers relative to others. Also it could lead to potential excess of supply for some areas overriding the existing demand leading to market failures for some suppliers.	Abolish.
91	MD 16598/29.12.2010 Terms and conditions for the rental of motorcycles of above 50 cc, without a driver	2	Motorcycle rental	Businesses which rent motorcycles over 50 cc without a driver may rent four-wheel vehicles at a percentage of up to 20% of their total capacity in motorcycles, which are approved by type by a JMD.	Barrier to entry/increasing cost	It is our understanding that the objective of the provision is consumer safety and environment protection.	The provisions set unreasonable maximum capacity limits on the number of 4-wheel bikes available from the supplier's side. It could lead to potential supply deficit not able to satisfy the existing demand therefore limiting the choice available to consumers and leading to higher prices.	Abolish.
92	General Port Regulation 38/2004 Approval of General Port Regulation on 'Renting motor boats and small speedy boats/Replacement of a provision of General Port Regulation under number 23'	3	Sea leisure activities	Leasing of motor boats or small boats and speedboats without permission of the Port Authority for a period of less than 24 hours or if the motor boat is more than 15 years old is prohibited.	Barrier to entry/increasing cost/fragmentation of activities	It was not possible to identify the objective of the provision	The restrictions of this provision may represent a barrier to entry and operation in the market unless they are essential to ensure passengers safety.	Abolish. Passenger safety is presumably ensured by the applicable horizontal regulation on the circulation of boats.
93	MD 313/1999 Registry and files of professional recreational vessels	32, par.8	Sea leisure activities	Instructors of boat drivers set their wages per hour for candidate training freely but they are required each year to submit them to the Port Authority in detail. The fees must remain unchanged for at least 12 months from the date of submission.	Prices	It is our understanding that the objective of the provision is consumer protection	The provision potentially leads to sticky prices and significant downward price rigidity. Since the price is not set in accordance with demand and supply conditions, it is likely to lead to an inefficient market allocation.	Abolished by MD 5141/2013, article 14.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
94	MD T/6//2003 Conditions for the issuance-grant of a special operation sign to ski resorts.		Ski resorts	A necessary constraint prior to the creation of a ski resort is operation in the region and specifically within 30 km of the ski area, of hotel accommodations of at least two stars, total bed capacity greater than or equal to 10% of hourly capacity of the ski lifts. It follows that, if the existing beds in the area are not sufficient to meet the minimum available beds for the ski resort operations, some or all of the required beds should be constructed.	Geographical restrictions	Consumer protection, quality of services and viability of the investment: providing adequate quality accommodation for visitors within a reasonable distance.	The provisions pose unreasonable minimum (capacity and quality) limits and set geographical fragmentations that may be a barrier to entry in the case for small or some suppliers therefore the competition is harmed by limiting the range of potential suppliers, also it may work as an unequal treatment of some suppliers relative to others.	Abolish.
95	Decision og the General Secretary of E.O.T. 522883/1995 Decision of the General Secretary of the National Tourism Organisation (E.O.T.) 522883/15.05.1995 on the Definition and determination of the procedure of issuance and grant of the special operation mark to		Timeshare accommodation	Time-sharing marketing companies must hold a Special Operation Sign.	Licensing	These companies act as intermediary for accommodation and therefore have to obtain a travel agency's operation licence.	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
96	L. 1652/1986 Time Sharing contract and regulation of related issues	1	Timeshare accommodation	Tourist resorts are submitted to a timeshare status by a Decision of the Greek Tourism Organisation (E.O.T.).	Licensing	Ensuring legal operation of all tourism businesses. Keeping record of all legally operating businesses. Consumer protection, public safety and health, quality of services	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of a distortion of competition.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
97	L. 1652/1986 Time Sharing contract and regulation of related issues	11, 14, 15, 16	Timeshare accommodation	Various provisions referring to Market Regulations and Ministerial Decisions fixing prices of breakfast and rooms.	Prices	Obsolete	The provision is obsolete and can create regulatory uncertainty. It should be explicitly abolished.	Explicitly repeal the provision.
98	MD 995/1987 Inclusion of tourist accommodation in timeshare status	1 par.3	Timeshare accommodation	Existing tourist resorts may be included in a timeshare status at a maximum rate of 49% of their capacity in beds. The respective rate for new tourist resorts amounts to 70% of their capacity in beds.	Unequal treatment of suppliers	It was not possible to identify the objective of the provision	The provision with different capacity criteria is a differential treatment between existing and new tourist resorts that adopt timeshare status.	Existing and new resorts should have the same maximum rate of their bed capacity for timeshare accomodation status.
99	L.711/1977 On special tourist buses	1	Tourist coaches	Special tourist coaches are not allowed to perform regular transportation services. They may only provide a number of services exhaustively set out in the Law, like organised tourist excursions, transfer of students, transfers from and to airports, etc.. But they are allowed to transfer specific number of passengers that have a common destination by a predetermined and regular unscheduled closed route without making any stopovers to pick up or to leave passengers and in general without interfering in regular scheduled transportation services with stopovers for undetermined number of passengers that KTEL buses offer to the public.	Barrier to entry/ artificial market segmentation	The EU regulations requires that in cases where regular coach services are granted with exclusive rights, those rights must be protected legally. It is our understanding that the objective is the protection of exclusive rights given by the state to the KTEL coaches for public passenger transport service and is achieved by keeping the market of regular transportation servises separate from the market for tourist transportation services.	To meet the purpose of the separation of the markets of KTEL buses and tourist coaches, the provision sets unreasonably strict restrictions that narrow the activities carried out from special tourist buses therefore it harms competition by limiting the range of potential suppliers entering the market. For example, passengers heading from the airport to the hotel are not allowed to stop over for sightseeing or in more than one hotel. According to the recital of the draft law of 26.06.2013, by eliminating the common destination requirement some of the passengers may stop in more than one destination (including tourist sights).	The common destination requirement for all passengers of a tourist coach was recently abolished in Law 4179/2013 under article 29. However the closed route restriction that results in stops of the tourist coach remains in the Law and it should be explicitly repealed.
100	L.711/1977 On special tourist buses	7	Tourist coaches	Only new tourist coaches may be put into circulation. Second-hand tourist buses are only licensed for the replacement of tourist buses that were already in circulation.	Barrier to entry/ increasing cost	It was not possible to identify the objective of the provision, however according to the draft law on Tourism of 26.6.2013 the specific provision will be abolished, a potential supplier - new entrant to the market may place into circulation a second hand bus as well as a new one.	The provision leads to substantially higher costs of production and unequal treatment between old and new suppliers. According to the recital of the draft law on Tourism of 26.6.2013 the existing provision created a closed black market for the existing licences of coaches. New investors were buying existing coach licences in order to have the right to introduce a used bus as a replacement for the existing one instead of putting into circulation a completely new coach with a new licence.	The specific provision was not abolished in the recent Law of Tourism 4179/2013. It should be explicitly repealed as it poses severe harm to competition.
101	L.711/1977 On special tourist buses	14	Tourist coaches	By way of an MD, the terms of circulation of tourist coaches (e.g. maximum number of km without a stop) and issues related to their personnel (number, etc.) may be determined.	Barrier to entry/ increasing cost	It was not possible to identify the objective of the provision.	The specific provisions are set horizontally for all kinds of long trips that buses make and are passenger safety requirements, therefore there are no competition issues.	No recommendation for change.

Sector: TOURISM

No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
102	L.711/1977 On special tourist buses	1 par.2 points a to d / Art. 2	Tourist coaches	KTEL and RODA (i.e. regular buses) are allowed (by way of exception) to compete with tourist coaches with regard to certain 'tourist' transportation services like student excursions. KTEL and RODA (i.e. regular buses) are excluded from providing all other services provided under law by tourist buses such as transportation from hotels to airports.	Barrier to entry/ artificial market segmentation	The EU regulations requires that in cases where regular coach services are granted with exclusive rights, those rights must be protected legally. It is our understanding that the objective is the protection of exclusive rights given by the state to the KTEL coaches for public passenger transport service and is achieved by keeping the market of regular transportation services separate from the market for tourist transportation services.	The provision poses significant competition issues. It is unequal treatment of suppliers in favour of tourist buses relative to KTEL buses by granting exclusive rights to the tourist buses for tourist transport services, thus limiting the range of potential suppliers willing to enter the market for tourist buses.	The exclusive rights granted to tourist coaches to perform the specific activities for occasional and special regular services cannot be addressed without considering the exclusive rights granted to KTEL coaches to provide regular public passenger transport services; therefore no proposals are made for the specific restriction.
103	MD 14340/2011 Procedure of approval for the operation of special tourist buses of public use.		Tourist coaches	Operators of tourist coaches are obliged to submit a letter of guarantee of EUR 1 000 per vehicle (up to a maximum amount of EUR 6 000) if the application for approval of placement into circulation is submitted by a tourist business of road transportation.	Barrier to entry/ increasing cost/ unequal treatment of suppliers	It is our understanding that tourist agencies submit a letter of guarantee in order to obtain a licence and that the amount of EUR 6 000 is set to as to cover consumer claims	The provision poses unequal treatment of suppliers given that for a large supplier with more than 6 buses it is relatively cheaper (per bus) to issue a letter of guarantee than for a supplier with less than 6 buses.	A more proportional calculation of the amount of the required guarantee is needed based on the relevant risk assessment.
104	L.711/1977 On special tourist buses	1 par. 4 and 5	Tourist businesses of road transportation	Tourist businesses of road transportation (such as cooperatives of tourist buses) are permitted to provide all tourist transport services on the account of tourist offices (and not on their own account). They are permitted to provide only transfer of workers, transfer of beach goers and transfer of soldiers without intermediaries but cannot make transfers from or to airports and ports.	Barrier to entry/ artificial market segmentation	Ministry : TEOM and travel agencies are two distinct types of tourism businesses. TEOM companies choose to provide a limited range of services, which entail less obligations (no obligation to keep business premises or submit a letter of guarantee)	This provision creates unreasonable limitations on the activities that TEOM business are allowed to perform and therefore harms competition by limiting the range of suppliers willing to provide specific activities that are carried out only through tourist agencies.	Abolish.
105	M.D.7073/2011 Procedure for granting a Special Operational Sign to Tourist Enterprises of Road Transport (T.E.O.M.)	3	Tourist businesses of road transportation	Tourist businesses of road transportation must obtain a Special Operation Sign from the Greek Tourism Organisation (E.O.T.).	Licensing	Ensuring legal operation of all tourism businesses. Keeping record of all legally operating businesses. Consumer protection, public safety and health, quality of services	The requirement to obtain a licence may lead to extra costs for a new entrant or for the existing company renewing the licence. While this administrative burden may discourage potential entry we have no evidence of distortion of competition.	No recommendation for change on competition grounds. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
106	L. 393/1976 on the establishment and operation of tourist offices	5	Tourist offices	Tourist offices are obliged to submit a letter of guarantee of EUR 5 000 (previously EUR 11 378.81) to obtain the Special Operation Sign.	Preferential treatment of the State	It is our understanding that the submission of a letter of guarantee is meant to ensure consumer protection	Since the amount of the letter of guarantee is identical for both online agencies and brick and mortar ones, the provision does not seem to harm competition.	No recommendation for change.
107	L. 393/1976 on the establishment and operation of tourist offices	2, 3 and 6	Tourist offices	1.The distinctive titles of tourist offices are subject to the approval of the Greek Tourism Organisation (E.O.T.). 2.Tourist offices must obtain an operation licence (Special Operation Sign) from E.O.T. as well as a Special Operation Signs for their branches.	Licensing	Protection of intellectual property rights. Titles are approved by the Chamber (not the Ministry), pursuant to art.45 of law 3498/06.	The administrative procedure regarding protection of intellectual property rights (i.e. trademark) and consumer protection appear in line with general requirements.	For 1, it does constitute an administrative burden and as such it should be reviewed by the competent authorities. For 2 no proposal.
108	L. 393/1976 on the establishment and operation of tourist offices	4 par.5	Tourist offices	Tourist offices operating online may only provide some of the services provided by tourist offices with a physical presence.	Barrier to entry/ artificial market segmentation	According to the Ministry : Gradual transition to online provision of travel agency services.	The restriction limits the range of suppliers that can provide some services, therefore potentially reducing competitive pressure to improve prices and quality. However, the restriction may be justified for certain services, e.g. depending on the regime of consumer protection applicable to online agencies.	The provision should enable online travel agencies to offer the same services as brick-and-mortar travel agencies.
109	MD17591/2012 'Determination of the amount of the guarantee letter for tourist agencies operating exclusively online'		Tourist offices	Tourist offices operating exclusively online are obliged to submit a letter of guarantee of EUR 5 000.	Unequal treatment of suppliers	It is our understanding that the submission of a letter of guarantee is meant to ensure consumer protection	Since the amount of the letter of guarantee is identical for both online agencies and brick and mortar ones, the provision does not harm competition.	No recommendation for change.
110	JMD 9803/2003 'General Regulation of Operation of Tourist Ports'	2 par.3	Tourist ports (marinas)	Price lists for docking of vessels and all other services provided are approved by a Ministerial Decision.	Prices	It is our understanding that the approval was designed as a tool to ensure affordable prices in line with government policy on tourism.	The approval of prices by the Ministry leads to price rigidity due to menu costs - especially downward price rigidity - an incentive to submit high prices and relatively low transparency for consumers (as businesses have an incentive to informally apply discounts without prior approval).	Abolish.Under the new Law on Tourism 4179/2013 art 11 the price approval procedure was replaced with a price notification procedure therefore the burden from the administrative procedure that may affect price competition still remains.
111	JMD 9803/2003 'General Regulation of Operation of Tourist Ports'.	4.1 point c	Tourist ports (marinas)	Price lists of companies carrying fuel waste from tourist ports (marinas) should be included in announcement tables in the marinas.	Prices	It was not possible to identify the objective of the regulation	The provision does not appear to distort competition in marinas.	No recommendation for change.
112	L. 2323/1995 Street markets and other provisions	3	Tourist ports (marinas)	Licences for outdoor trade in tourist ports are granted by the Greek Tourism Organisation (E.O.T.). The establishment and operation of shops of a health interest on vessels is also subject to a licensing procedure.	Licensing	Abolished	Abolished.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.

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No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
113	L. 4070/2012 'Regulation of electronic communications, transport, public works and other provisions.'	164	Tourist ports (marinas)	Operating hours of shops in tourist ports may be extended upon notification to the competent authority.	Licensing	Recitals : To serve the needs of the docked vessels and the owners, charterers, crew, visitors and overall operation of the marina. Restrictive shop opening hours of Law 2224/1996 make it difficult to serve these needs and are often a deterrent to serving vessels and their owners, passengers or visitors. Given the international (and particularly the Mediterranean marinas standards), the need for extended operating hours exclusively within the land area of marinas is obvious	Since the Draft Law specifies that shops within ports may also operate on Sundays and bank holidays there are no more competition concerns. The administrative procedure for communicating to the labour inspectorate that shops are open on Sundays is justified for reasons of legal and safe labour conditions.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
114	L. 4070/2012 'Regulation of electronic communications, transport, public works and other provisions.'	166 par.6	Tourist ports (marinas)	Tourist ports (marinas) managed and used by the Greek Real Estate Company SA are exempt from the obligation to submit plans and are not subject to control for the issuance of their licence by the competent agency.	Preferential treatment of the State	According to the Ministry : Transitional provision aiming to "legalise" marinas with missing documents	Despite the fact that state-run marinas are authorised by the state itself, which also controls and builds the marina, in the case of private marinas the whole licensing process is an important procedure that requires significant know how, cost and labour. Therefore the exemption of state marinas from the licensing procedure results in unequal treatment of suppliers and competitive disadvantage for private marinas.	A more proportional way to license state marinas should be found in order not to pose unequal treatment for the licensed private marinas that face the full licensing procedure and the required controls from the state.
115	L. 4070/2012 'Regulation of electronic communications, transport, public works and other provisions'	166 par.7	Tourist ports (marinas)	Existing tourist ports (marinas) with no operation licence are not subject to control by the competent agency if they submit the documentation provided for in this Article.	Unequal treatment of suppliers	Recitals : The number of ports outside central state control (established before Law 2160/1993) is alarmingly high. Such tourist ports operate arbitrarily with all the consequences (evasion and loss of state revenue, even extreme and unlawful criminal activities) and they very often operate in unfair competition with legally operating marinas. The only possible way to validate and legitimise these tourist ports are the recommended provisions even though the latter are an exception to the requirements and specifications of this law.	Despite the need to legalise marinas that are completely unregulated, the specific exemption from any controls for some marinas may lead to unequal treatment of State suppliers. For instance those marinas exempt from any controls may increase their berthing capacity beyond the legal limit without facing any consequences.	A cut-off day to legalise unregulated marinas should be set in order not to pose unequal treatment for the regulated marinas that face the complete licensing procedure and required controls from the state.
116	L.2160/1993 'Provisions on Tourism and other provisions'	30 par.4 and 31 par.4	Tourist ports (marinas)	Planning, modifications, completion, approval of land use of the building terms of an existing tourist port or of the conversion of an existing port into a tourist port are subject to the opinion of the Committee of Tourist Ports. This is also applicable with regard to anchorages and shelters.	Licensing	It was not possible to identify the objective of the provision	The Law does not specify precisely the authorities and the criteria followed by the Committee of Tourist Ports. Therefore discretion in licensing/approving a marina may lead to potentially unequal treatment of suppliers and in cases of self regulation regimes, which are conducive to co-ordinated practices.	1) Simplify the procedure 2) Make rules clear and transparent and non-discriminatory 3) Rejections should be justified in writing 4) Decision can be appealed.
117	L.2160/1993 'Provisions on Tourism and other provisions'	30 par.7	Tourist ports (marinas)	Recreational vessels are prohibited from docking in fishing ports or shelters if there is a licensed tourist port (marina) at a distance of less than 5 nautical miles.	Geographical restriction	According to the recitals : To protect investments in tourist ports and to avoid piracy at the expense of legitimate tourist ports.	The geographical barrier of 5 nautical miles offers 'protection' to (regular) touristic ports from competitive pressure potentially exercised by (legally operating) fishing ports or commercial ports. Moreover it limits consumer choice and leads to the sealing off of the touristic ports market and the distortion of competition conditions, which in turn may result in higher prices (regulated or not) or lower quality.	Abolish. According to the new law on Tourism 4179/2013 art 11 the restriction of 5 nautical miles was also further expanded in cases of commercial ports and not only fishing ports, i.e. the implied harm to competition in the berthing market is further enhanced.
118	L.2160/1993 'Provisions on Tourism and other provisions'	31 par. 10.1	Tourist ports (marinas)	The manager of the tourist port (marina) must apply for an operation licence within two months from the completion of works on the marina.	Licensing	It was not possible to identify the objective of the provision	The provision does not appear to distort competition in marinas.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
119	L.2160/1993 'Provisions on Tourism and other provisions'	31 par.1	Tourist ports (marinas)	Marinas may be established at the initiative of the General Secretariat of Tourism or of any natural or legal person so long as the latter are owners or usufructuaries of the real estate in front of which the marina will be created.	Barrier to entry/increasing cost	No specific reasoning in the recitals	The provision appears to be an unnecessary intervention of the lawmaker in the private investor's decision.	Abolish.
120	L.2160/1993 'Provisions on Tourism and other provisions'	31a par.5	Tourist ports (marinas)	Price lists for docking of vessels and all other services provided are approved by a Decision of the Ministers of Culture and Tourism and are published in the Official Government Gazette.	Prices	It was not possible to identify the objective of the provision	Price approvals may lead to price rigidity, discourage flexibility based on market conditions and discourage transparent discounts available to all consumers. It limits the incentive to achieve better production/cost efficiencies or to invest in innovation. Eventually, it gives an incentive to raise prices, and lowers quality and quantity offered by the supplier therefore reducing consumer welfare.	Abolish.
121	L.3498/2006 'On the Development of Therapeutic Tourism and other provisions'	26	Tourist ports (marinas)	The State is exempt from any fee or royalty for all contracts it enters into with any legal or natural person for the establishment of tourist ports (marinas).	Preferential treatment	According to the Ministry of Tourism : The grant of such privileges to the Greek state can be justified by the general principles and overall logic of the legal system applicable in Greece	This provision may significantly raise costs for the private marinas relative to state owned marinas and therefore may lead to unequal treatment of suppliers.	Abolish.
122	M.D. 8920/2012 'Approval of the Special Regulation for the Operation of the Tourist Port of Vouliagmeni'	13	Tourist ports (marinas)	An example of an MD setting prices on a Tourist Port. This Article specifies the method of calculation of prices for the use of tourist ports by vessels (MD included by way of indication).	Prices	It was not possible to identify the objective of the provision	Price approvals may lead to price rigidity, discourage flexibility based on market conditions and discourage transparent discounts available to all consumers. It limits the incentive to achieve better production/cost efficiencies or to invest in innovation. Eventually, it gives an incentive to raise prices, and lowers quality and quantity offered by the supplier therefore reducing consumer welfare.	Abolish. Under the new Law on Tourism 4179/2013 art 11 the price approval procedure was replaced with a price notification procedure and therefore the burden from the administrative procedure that may affect price competition still remains.

Sector: TOURISM

No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
123	MD 1631/2007 'On the approval of price lists of professional vessels of the tourist port (marina) of Alimos'		Tourist ports (marinas)	An example of an MD setting prices on a Tourist Port. This Article specifies the method of calculation of prices for the use of tourist ports by vessels (MD included by way of indication).	Prices	It was not possible to identify the objective of the provision	Price approvals may lead to price rigidity, discourage flexibility based on market conditions and discourage transparent discounts available to all consumers. It limits the incentive to achieve better production/cost efficiencies or to invest in innovation. Eventually, it gives an incentive to raise prices, and lowers quality and quantity offered by the supplier therefore reducing consumer welfare.	Abolish.Under the new Law on Tourism 4179/2013 art 11 the price approval procedure was replaced with a price notification procedure and therefore the burden from the administrative procedure that may affect price competition still remains.
124	JMD 78744/2011 Free provision of services by subjects of member states of the European Union pursuant to the provisions of Articles 5 to 9 of P.D.38/201038/2010	4	Various provisions on or affecting tourism	Professionals who are subjects of EU Member States may provide their services in Greece upon a certification granted by the competent authorities.	Licensing	No certification is required. Professionals are only obliged to notify their intention to provide services in Greece, as laid down in Directive 2006/123/EC.	Since it derives from an EU Directive and is applicable to the Common Market Area of EU Member States for foreign suppliers the obligation to notify their intention to the competent authorities raises no competition issues.	No recommendation for change. However this does constitute an administrative burden and as such it should be reviewed by the competent authorities.
125	L. 2160/1993 Provisions on Tourism and other provisions	6 par. 2 and 17	Various provisions on or affecting tourism	Building licences for buildings owned by the Greek Tourism Organisation (E.O.T.) are subject to lower fees (τέλος χάρτοργμου). Long-term lease of real estate or businesses managed by the company 'Greek Tourist Real Estate SA' is exempt from taxes and fees of which the State is the beneficiary, while certain other fees are reduced.	Preferential treatment of the State	The grant of such privileges to the Greek state can be justified by the general principles and overall logic of the legal system applicable in Greece	That provision may significantly raise costs for private investors by having them at a competitive disadvantage relative to the state acting as an investor and therefore may lead to unequal treatment of suppliers.	Abolish.
126	L. 3105/2003 'Tourism education and training, provisions on tourism and other provisions'	39	Various provisions on or affecting tourism	Price lists of spas of tourist importance, which are under the administration and management of the company "Greek Tourist Properties SA" are determined by the Minister of Development, at the request of the owner or operator of the spa.	Prices	It was not possible to identify the objective of the provision	The determination of prices by the political authority leads to inefficient outcomes and distortion of competition.	Was abolished with Law 3220/2004 article 49 paragraph 16.
127	L.1108/1938 Amendment and completion of Compulsory Law 431/1937 and other provisions.	1	Various provisions on or affecting tourism	Tourist resorts (e.g. hotels, rooms for rent) must maintain stable prices. The Chamber of Hotels must keep records of such prices.	Prices	Abolished	Abolished.	No recommendation for change.
128	L.1108/1938 Amendment and completion of Compulsory Law 431/1937 and other provisions.	3, 4, 5	Various provisions on or affecting tourism	Various fees are imposed on hotels.	Increasing cost	Abolished	Abolished.	No recommendation for change.
129	L.2160/1993 'Provisions on Tourism and other provisions'	4 par. 7	Various provisions on or affecting tourism	Tourist businesses are obliged to communicate their prices (some of them to their associations and others to the Greek Tourism Organization -E.O.T.) and every variation thereof.	Prices	Ministry of Tourism : protection of the consumer/ recipient of the service.	The notification of prices represents an administrative burden for businesses leading to menu costs. Therefore the obligation to notify any price change could lead to price rigidity as businesses may not have an incentive to adapt their prices to market conditions. Moreover, when businesses notify their prices to their trade association this creates potential for co-ordinated practices and potentially results in higher costs.	Abolish.
130	L.3105/2003 Tourism education and training, provisions on tourism and other provisions	39 par.15	Various provisions on or affecting tourism	Price lists of therapeutic springs are approved by an MD.	Prices	It was not possible to identify the objective of the provision	The approval of prices by the Ministry leads to price rigidity due to menu costs - especially downward price rigidity - an incentive to submit high prices and relatively low transparency for consumers (as businesses have an incentive to informally apply discounts without prior approval).	Abolish.
131	RD 436/1961 On the classification of enterprises as 'tourist enterprises'		Various provisions on or affecting tourism	Various provisions setting pre-conditions for the classifications of enterprises as 'touristic' (inter alia, technical/operational specifications, such as minimum capital requirements for touristic enterprises of road transportation).	Licensing	It was not possible to identify the objective of the provision	Various provisions setting pre-conditions for the classification of enterprises as 'touristic' when they do not serve their original purpose (of assuring the quality of the touristic product) may introduce unequal treatment for small suppliers relative to large ones.	The provision is obsolete and can create regulatory uncertainty. It should be explicitly abolished.
132	L.711/1977 On special tourist buses	1	Tourist buses	Only tourist buses and not vehicles of any other kind (such as mini vans of 9 seats) can provide the specific touristic transportation services set by the law.	Barrier to entry/ artificial market segmentation	It is our understanding that the objective is to keep the market of regular transportation services separate from the market for tourist transportation services.	This provision sets unreasonable limitations on the activities set for tourist transportation services and therefore harms competition by limiting the range of suppliers willing to provide specific activities that are carried out only through tourist buses and not, for example, by suppliers operating mini vans of 9 seats.	Abolish.

Sector: TOURISM								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
133	General Port Regulation 38/2004 Approval of General Port Regulation on 'Renting motor boats and small speedy boats/Replacement of a provision of General Port Regulation under number 23'	3	Sea leisure activities	The price lists for leasing of motor boats or small boats and speedboats are freely set and submitted to the competent Port Authority. Those prices remain stable for one year.	Prices	Ministry of Maritime Affairs : protection of the consumer/recipient of the service.	Severe harm to competition; price rigidity for one year; especially downward moving price rigidity that harms consumer welfare.	Abolish.

HORIZONTAL LEGISLATION

No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
1	L. 2081/1992 "Chambers and trade organisations"	Art. 1 par. 3	Framework legislation	Compulsory registration to the Chamber for all natural persons having an activity in the area of the Chamber, legal persons and associations having a commercial activity, branches of all national companies.	Establishment/licensing	The present has been amended by Law 4111/2013 ΦΕΚ A 18/25-01-2013, art. 48 which provides that the compulsory registration will be abolished starting from 01.01.2015.	Compulsory registration with Chambers may lead to attempts by the relevant association to use its powers in an anti-competitive manner. However, it should be noted that the registration will become optional from 2015. Under the new framework, the Registry should not distinguish between members and non-members in order to grant the licences based on the provisions of Art. 2 par. 2 (row 2) or to make it more difficult for non-members to obtain the licence.	No recommendation for change. However, since registration will become optional from 2015, the Registry should not distinguish between members and non-members in order to grant the licences based on the provisions of art. 2 par. 2 Law 2081/1992 or to make it more difficult for non-members to obtain the licence.
2	L. 2081/1992 "Chambers and trade organisations"	Art. 2 par. 2 n	Framework legislation	The Administrative Committee of the Chamber has the competence to grant installation licences, licences of expansion, improvement and operation of manufacturing and relevant activities.	Establishment/licensing	The objective of the law is the simplification of the licensing procedure of industries.	No harm to competition has been identified.	No recommendation for change.
3	L. 3325/2005 "Establishment-operation of industrial facilities"	Art. 17	Framework legislation	Special conditions for the establishment of new activities within Attiki Prefecture, i.e. professional laboratories of low disturbance, electromechanical installations for provision of services of low disturbance and warehouses of low disturbance are allowed in residential areas, industries and professional laboratories of low disturbance are allowed in industrial areas and warehouses are allowed in wholesale zones.	Establishment/licensing	The objective of the provision is to ensure a balance between business operation and environmental protection. The overconcentration of industrial activities in Attiki has created the need for specific treatment of the said industries in order to improve the quality of life of the residents, to protect the environment more effectively and to give incentives for relocation of businesses to areas designated for the industrial sector. A further objective is the modernisation of existing industries. Exceptionally, the establishment of new activities of low disturbance is allowed under strict conditions in defined areas to serve the needs of the residents.	Attiki is the region with the highest population in Greece, accommodating almost half of the country's inhabitants. It seems reasonable that the establishment of heavy industrial activities close to densely populated residential areas may potentially create significant risks related to the standards of living for a considerable portion of the population. Nevertheless, one can identify two issues in this particular case. First the industries already established in Attiki before the issuance of this law have a competitive advantage (in transport costs, labour availability, etc.) in comparison with potential newcomers. Second, the definition of low, medium and high disturbance, in the case of professional laboratories or industrial plants, is based solely on the power output of their mechanical equipment. This is too restrictive because it takes no account of technological developments that may lead to a higher power output combined with lower disturbance, thus providing a disincentive for new investments towards more efficient, environmentally friendly technology.	In relation to the special provisions for the establishment of new activities within Attiki, no recommendation for change since the conditions (even the harm to competition) seem to be proportional to the objective to be achieved. However, the criteria for disturbance should be reviewed as new technological developments may allow for higher power usage and lower disturbance.
4	L. 3325/2005 "Establishment-operation of industrial facilities"	Art. 20 par. 1	Framework legislation	In order for existing industries/professional laboratories operating within Attiki to be able to merge, the law requires minimum prior operation of 3 years and that the product of one industry is the same or is the raw material or the intermediate material of the other company.	Establishment/licensing	It was not possible to identify the objective of the specific provision. However, the general objectives of Law. 3325/2005 are on one hand to reinforce the business environment and to improve competitiveness and on the other to ensure a balance between business development and environmental protection.	This provision only refers to Attiki. It should be clarified that this is not about company mergers in general. It has to do with the physical merger of industrial activities within Attiki. In any case, the law here requires that for two industries, laboratories or activities to merge within Attiki two conditions must be met. First, the two industries need to have been in operation for at least three years prior to the merger, and second, their products need to be similar or one must be an input to the production of the other. The three-year period may be too long, especially if a company is facing financial difficulties. This expands disproportionately the period of potentially inefficient economic activity, increasing the probability for a company to default. Additionally, the requirement for similarity of products or for input of one to the other creates inflexibility for the companies, impedes investment and economic growth and hampers innovation. The objective for balance between business development and environmental protection is ensured by the conditions that are already described in par. 2 following of art. 20, e.g. in case the laboratory under merge is situated in a residential area and the industry in a non-residential area, the merge will take place in the non-residential area. Furthermore, the objective is also safeguarded by the general provisions on disturbance and environmental licensing and modernisation of the industries, as defined by general legislation and ministerial decisions, e.g. Law 4042/2011.	Abolish the conditions on the merge of activities within the boundaries of Attiki, as described in art. 20 of Law 3325/2005, i.e. the wording "...provided that the two activities operate legally for at least three years before the merge and the product of one is the same or constitutes the raw material or the intermediary material of the product of the other company".
5	L. 3325/2005 "Establishment-operation of industrial facilities"	Art. 21 par. 1	Framework legislation	Spin-off of industries, professional laboratories, etc. can take place only if the units that will come be created are distinctive and operate in completely distinctive places.	Establishment/licensing	The objective of the provision is to prevent the dispersion of industrial activity and to promote the modernisation of the industries that will emerge from the spin-off procedure.	The provision creates uncertainty for new investors since it does not clarify whether it refers only to Attiki or to the country as a whole. In any case, the provision seems arbitrary and constitutes a barrier to exit. Furthermore, the objective of the provision is not fulfilled since the regulation encourages dispersion, by requiring separate operation of the units in separate places.	Abolish.

HORIZONTAL LEGISLATION								
No	No and title of Regulation	Article	Thematic category	Brief description of the potential obstacle	Keyword	Policy maker's objective	Harm to competition	Recommendations
6	L. 3325/2005 "Establishment-operation of industrial facilities"	Art. 27	Framework legislation	The provision does not allow for the establishment, expansion or relocation (whether simple or through merger) of any industry, small industry (<i>βιοτεχνία</i>), professional laboratory or warehouse within the historic centre of Athens. There are exceptions to the relevant legislation regarding the modernisation of activities through replacement of mechanical equipment, under the condition that the environmental operation of the unit improves.	Establishment/licensing	It was not possible to identify the objective of the specific provision. However, the general objectives of the Law. 3325/2005 are on one hand to reinforce the business environment and to improve competitiveness and on the other to ensure a balance between business development and environmental protection. It should be noted that the specific provision allows the modernisation of the existing activities to improve their environmental performance.	This provisions creates a barrier to expansion or establishing new facilities in the historic centre of Athens. However, they are not disproportionately restrictive, since the regulations imposed on the historic centre of Athens are relevant only to a particularly small area of Athens of great historic and cultural importance. These type of restrictions are not uncommon internationally.	No recommendation for change.
7	L. 3325/2005 "Establishment-operation of industrial facilities"	Art. 4 par. 7	Framework legislation	Through Presidential Decrees, the establishment of new activities may be forbidden in a specific area or Prefecture, due to urban planning, environmental reasons or special environmental terms and restrictions that may be imposed.	Establishment/licensing	It was not possible to identify the objectives of the specific provisions. However, the general objectives of the Law. 3325/2005 are on one hand to reinforce the business environment and to improve competitiveness and on the other to ensure a balance between business development and environmental protection.	It is quite common in many countries for the central government, and to some extent the local municipalities, to maintain a certain level of discretion when it comes to urban planning and environmental policies. As long as the rules are clear and applied transparently, this is not a competition issue.	No recommendation for change.
	L. 3325/2005 "Establishment-operation of industrial facilities"	Art.4 par. 8b	Framework legislation	The expansion to Attiki of an industry located on the borders of Attiki is permitted for activities such as those described in art. 17 of the present law.	Establishment/licensing	It was not possible to identify the objectives of the specific provisions. However, the general objectives of the Law. 3325/2005 are on one hand to reinforce the business environment and to improve competitiveness and on the other to ensure a balance between business development and environmental protection.	This provision ensures that expanding industries from neighbouring prefectures to Attiki will not find a back door and expand within Attiki activities of higher disturbance than those described in Art 17. of the same Law (see row 3 above regarding issues with Art. 17, L. 3325/2005).	No recommendation for change.
8	L. 3325/2005 "Establishment-operation of industrial facilities"	Art. 6	Framework legislation	The establishment of activities in areas where, according to urban planning legislation the use of land is not compatible with the activity, is not allowed. In areas within the urban plan, where the use of land has not yet been defined, only the establishment of activities of low disturbance is allowed. The article also provides conditions for the establishment and the reallocation of activities. The law provides, in order for an establishment licence to be issued, for the competent Authority to take into consideration the protection of the environment and the opinions of other competent Authorities, as defined in other laws.	Establishment/licensing	The objective of the provision is to ensure a balance between business operation and environmental protection.	No particular issue can be raised regarding competition from this particular piece of legislation in itself. However, the general problem remains the lack of definition of land use in a large part of the country. Had this not been the case, the benefits not only to competition (more transparent and clearer rules minimise the risks taken by new industries and therefore lower barriers to entry), but to the Greek economy on many different levels would be considerable. In any case, this falls outside the scope of a competition assessment exercise and calls for a broader policy intervention.	No recommendation for change. However, we refer to row 3, where we recommend redefining the disturbance criteria.
9	L. 3325/2005 "Establishment-operation of industrial facilities"	Art. 9	Framework legislation	The erection of buildings falls under urban planning regulations. Deviations from the general legislation are allowed in specific cases, i.e. with respect to the building's height due to the installation of high machines, warehouses of vertical type (silos), chimneys and other high installations and only if deviation from the general provisions is technically unavoidable.	Establishment/licensing	The provision allows deviations from the general urban planning rules, in order to avoid the illegal operation of such establishments or their definitive closure.	This is not a restriction. On the contrary, this regulation provides the chance for businesses to deviate from urban planning regulations, whenever there is no other solution due to technological limitations.	No recommendation for change.
10	L. 3377/2005 "Establishment-operation of industrial manufacturing facilities, etc"	Art.10 par. 1 & 3	Framework legislation	An entrepreneur needs an establishment licence for a retail shop issued by the Prefecturing Council. The law makes the issuance of the licence conditional on population and geographical criteria (e.g. in Rhodes and Corfu if the surface exceeds 1500m ² , in Crete if the surface exceeds 1500m ² and is at a distance of up to 20km from the city centre, in Kos, Lesvos, Limnos, Samos, Syros, Zakynthos, Kefalonia and Lefkada if the surface exceeds 500m ² , and on all the other islands if the surface exceeds 200m ² , etc.). Athens and Piraeus are excluded from the requirement. The entrepreneur needs a licence even if the new retail shop belongs to the same firm or even if it is the second branch in the same area, if the total surface exceeds the limits defined by the law.	Establishment/licensing	The objective of the provision is to protect local societies from excessive expansion of business activities that may stifle traditional businesses within urban areas or in geographically restricted areas (e.g. islands). The provision outlines a complete procedure for the issuance of licences.	The provision may constitute a barrier to entry, create uncertainty, impede investment and limit the number of suppliers. The regulation isolates and fragments local markets, which may raise prices. It also limits consumer choice. The Law grants the Prefecture Council very broad discretionary powers to decide on the establishment of a retail shop, by taking into consideration urban planning provisions and the compatibility of the shop with the natural and cultural environment. As a consequence, the Prefecture Council has urban planning competencies which are already attributed to the urban planning authority which is competent to apply the urban planning legislation and to issue licences. Additionally, the Prefecture Council, by issuing an establishment decision under the criteria defined in the Law may abolish, amend or substitute the decision issued by the competent urban planning authority. Finally, the discretionary character of the provision creates uncertainty for potential investors. The Prefecture's discretionary powers to not allow an investment because it does not "promote" the local market is arbitrary and contrary to the principles of the market economy.	The provision should be abolished in light of the fact that many of the powers granted to the Prefecture Council have already been attributed to the Urban Planning Authority.

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11	L. 3463/2006 "Code of Municipalities and communities"	Art. 80 par. 2 & 3	Framework legislation	The law provides for a pre-licensing procedure (involving environmental, archaeological and other checks) by the Municipality. The Authority issues the prelicence within one month of filing of an application and the applicant can conduct business. Following the pre-licence, the applicant should submit to the Municipality all the necessary documents; the Authority has a period of 50 days to complete all the necessary in situ controls. Upon finalisation of all controls, the Municipality has a period of 15 days to issue the decision of establishment and operation of the business.	Establishment/licensing	The objective of the provision is to accelerate the administrative process and to reduce the uncertainty that the applicants are facing.	The provision creates uncertainty for a potential investor, since obtaining the pre-licence does not guarantee that a licence will be granted. In addition, it is open to discretionary implementation by local authorities.	Abolish.
12	L. 3982/2011 "Simplification of licensing procedures re technical professions etc."	Art. 19 par.2	Framework legislation	The licensing procedure for certain warehouses and professional laboratories, falling within the category of low disturbance. These include warehouses and laboratories dealing with explosives, toxic products, gas under pressure and other dangerous substances.	Establishment/licensing	It was not possible to identify the objective of the specific provision. However, in our understanding the provision's purpose is safety and environmental protection.	No particular issues regarding competition can be raised from this provision. The provision seems to be proportional to the objective, as it aims to ensure safety and to protect the environment.	No recommendation for change.
13	L. 3982/2011 "Simplification of licensing procedures re technical professions etc."	Art. 20 par. 2	Framework legislation	Licensing procedure for expansion or renovation of mechanical equipment of certain warehouses and professional laboratories falling within the category of industrial zones of par. 1. These include warehouses and laboratories dealing with explosives, toxic products , gas under pressure and other dangerous substances.	Establishment/licensing	It was not possible to identify the objective of the specific provision. However, in our understanding the provision's purpose is safety and environmental protection.	No particular issues regarding competition can be raised from this provision. The provision seems to be proportional to the objective, as it aims to ensure safety and to protect the environment.	No recommendation for change.
14	L. 3982/2011 "Simplification of licensing procedures re technical professions etc."	Art. 20 par. 6	Framework legislation	Duration of the licence of establishment for 3 years with an extension period of 3 years.	Establishment/licensing	The objective of the provision is to discourage the illegal establishment of manufacturing activities and their effective control.	No particular issues regarding competition can be raised from this provision and the provision seems to be proportional to the objective.	No recommendation for change.
15	PD. 31/1985 "Terms of layout land in unzoned cities"	Art. 3 par. 3-4	Framework legislation	In cities with a population of 2,000 to 10,000 and more than 10,000, industries of medium/high disturbance cannot be installed within a distance of 700 and 1,000 meters respectively. But, industries that were granted a licence before the issue of the PD can be established.	Establishment/licensing	It was not possible to identify the objective of the specific provision. However, in our understanding the provision's purpose is safety and environmental protection.	It seems reasonable that the establishment of heavy industrial activities close to densely populated residential areas may potentially create significant risks to health and the standard of living for a considerable part of the population. One can identify two issues in this particular case. First, the industries already established in the area under consideration, before the issuance of this provision, may have a competitive advantage in comparison to potential newcomers (in terms of transport costs, labour supply, etc). This argument, though, needs to be assessed for every particular case (it can be argued, on the contrary that, depending on the case, these industries may actually have a disadvantage in terms of difficulties to expand and modernise their equipment - see analysis for Art.10 par 8, L. 3325/2005). Second, the definition of low, medium and high disturbance for the case of professional laboratories or industrial plants in general, is based solely on the power output of their mechanical equipment. This is too restrictive because it takes no account of any technological development that may lead to larger power output combined with lower disturbance, thus creating a disincentive for investment in more efficient, environmentally friendly technology.	In relation to the special provisions for the establishment of new activities within Attiki, no proposal is made since the conditions seem to be proportional to the objective to be achieved. However, we refer to row 3, where we recommend redefining the disturbance criteria.
16	L. 3333/2005 "Logistic centres"	Art. 1 par. 1	Transport-logistics-warehousing	The logistic centre should include or be connected with a railway station, a port or an airport.	Establishment/logistics centre	The objective of the provision is better organisation of the transportation systems, reducing transport costs and improvement of the quality of service of transport chains.	This provision makes it compulsory for a logistics centre to be included in or at least be connected to a railway station or a port or an airport. It can be argued that the law here is restrictive and creates barriers to entry for new businesses and in essence is hampering competition. Places near ports, airports and railway stations are limited and highways are excluded from this provision. Therefore, business ventures that could take advantage of the national highways network are excluded. If the objective of the provision can be achieved by businesses that are left free to decide on the actual geographical place of their investment, taking into account the existing infrastructure and land usage, then there is no reason for the state to restrict the choices of potential businesses.	Abolish.

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17	L. 3333/2005 "Logistic centres"	Art. 1 par. 4, Art. 3	Transport-logistics-warehousing	Only <i>sociétés anonymes</i> can establish a logistic centre.	Establishment/logistics centre	The objective of the provision is to ensure that the investors in logistic centres have sufficient financial capacity.	Logistics centres are large-scale business ventures with great importance for local and national economies. For this reason, the state intervenes by mandating a company type that ensures financial capacity and the proper legal control and audit of the company. In most cases the requirement is presumably redundant, since only a company of a certain size would have the necessary resources to invest in a large-scale project. However, the provision can be effective in screening serious investors.	No recommendation for change.	
18	L. 3333/2005 "Logistic centres"	Art. 3 par. 2	Transport-logistics-warehousing	The minimum capital of a logistics centre is formed according to surface area and the place where the logistics centre is established.	Establishment/logistics centre	The differentiation in surface is due to subsidies granted by European Community funds.	According to the objective of the law, this provision stems from EU regulation. The restriction that arises from the differentiation of the required initial capital, based on the total surface of the logistics centre is attributed to the classification of investments eligible to receive subsidies from EU funds. Therefore, it seems to be proportional to the objective and not to hamper competition.	The provision should be abolished or refer explicitly to the relevant European legislation.	
19	L. 3333/2005 "Logistic centres"	Art.2	Transport-logistics-warehousing	A minimum surface of 100 000 m ² for establishment of a logistics centre and gradation of conditions for establishment according to surface area and the place where the logistics centre is located.	Establishment/logistics centre	The minimum surface is defined in order to ensure the sustainability of the investment.	This provision creates a barrier to entry to those businesses that would prefer to invest in a medium size logistics centre of surface less than 100 000m ² . It restricts the economic freedom of potential investors while it is not clear from the objective of the law what is the reasoning behind this restriction. If the objective is the sustainability of investment, then the minimum capital requirements (art. 3 par. 2) and the restriction of the company form of the <i>société anonyme</i> (art. 1 par. 4) are sufficient restrictions and the minimum surface of the project should be left to the discretion of the investor.	Abolish.	
20	Ministerial Decision T 6525/421/A0019/2000 "Warehouses for temporary storage of products"	Art. 14 par. 1,2,3	Transport-logistics-warehousing	The operator of a warehouse of temporary storage has to deposit a guarantee, bank or insurance contract or collateral. The amount of the guarantee differentiates according to where the warehouse is located, i.e. in ports, airports or elsewhere.	Establishment/wa rehousing	It was not possible to identify the objective of the provision. However, it is our understanding that the provision aims to ensure the safety of the products and to ensure that compensation can be paid for any damages that might be incurred.	No competition issue is raised from this particular provision. It seems reasonable that some type of guarantee needs to be deposited, in order to ensure compensation of the beneficiaries in the event of partial or total damage of the stored goods.	No recommendation for change.	
21	Ministerial Decision T 6525/421/A0019/2000 "Warehouses for temporary storage of products"	Art. 14 par. 4	Transport-logistics-warehousing	If the amount of the guarantee cannot be determined during the procedure of issuance of the licence, the Custom of the Prefecture can determine the amount, taking into consideration details described in the law, which are different, obsolete or more abstract than those determined in par. 2.3 of the same article.	Establishment/wa rehousing	It was not possible to identify the objective of the provision. However, it is our understanding that the provision aims to ensure the safety of the products and to ensure that compensation can be paid for any damages that might be incurred.	In connection with the previous section (art 14 par. 1,2,3), no particular competition issues can be raised here regarding the need for the deposit of a guarantee or of an insurance contract. The issue raised in this article is that the criteria taken into consideration by the custom of the prefecture, in this particular case in order to set the amount of the guarantee, are too arbitrary, creating uncertainty that may potentially discourage the entry of new businesses into this market.	The law should explicitly define the criteria which should be taken into consideration by the custom of the Prefecture in order to set the amount of the guarantee. Such criteria should be specific, clear and apply in a non-discriminatory way.	
22	Ministerial Decision T 6525/421/A0019/2000 "Warehouses for temporary storage of products"	Art. 16 par. 1	Transport-logistics-warehousing	The operation licence has a maximum duration of 10 years and may be extended upon request.	Establishment/wa rehousing	It was not possible to identify the objective of the provision. However, in our understanding the provision aims to prevent illegal operation and to promote efficient controls.	It is not clear why the duration of the licence has a limit of ten years. In principle this restriction may pose an administrative burden that could discourage potential investors from entering the market (depending on the speed with which competent authorities deal with license-related requests).	No recommendation for change on competition policy grounds. However, this constitutes an administrative burden and should be reviewed as such.	
23	L. 2971/2001 Seashore, beach and other provisions	Art. 24		The concession of the use of parts of the port zone for industrial, mining or other businesses is subject to approval by various Ministries (Maritime Affairs, Environment, Development). The competent Ministry is determined based on the nature of the use.	Licensing/environment	It was not possible to identify the objective of the parallel competences of the relevant authorities.	This provision is problematic in terms of the overlapping competencies of the various authorities, creating uncertainty and increasing the administrative costs of potential investors. Although this may not be directly a competition issue in itself, it nevertheless creates an additional administrative burden that may potentially be harmful for the general business environment, by making it hard to create new businesses in this particular market.	No recommendation for change on competition policy grounds. However, this constitutes an administrative burden and should be reviewed as such.	

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24	L. 4014/2011 Environmental licensing of works and activities, provisions regulating unauthorised buildings in conjunction with the creation of an environmental equilibrium and other provisions within the competence of the Ministry of Environment	Art.2	Environmental provisions	Works and activities, which may have an impact on the environment, are subject to licensing. Licences last for 10 years and may be extended for 4 or 2 years (depending on the system of environmental protection adopted by the operator).	Licensing/environment	It was not possible to identify the objective of the specific provision. However, it is our understanding that the provision aims to ensure a balance between business operation and environmental protection.	It is reasonable for the state to control all activities that may potentially be harmful to the environment through a licensing system. The restrictive term is the length of the license, as well as the limited time period of the expansion, which depends on the system of environmental protection adopted by the operator. This procedure makes it difficult for a new company to enter the market due to the difficulties of granting an environmental license. It also increases the operational cost of existing companies, since they should renew their license by re-evaluating their facilities. However, while this provision constitutes an administrative burden we have no evidence of distortion of competition.	No recommendation for change on competition policy grounds. However, this constitutes an administrative burden and should be reviewed as such.
25	L. 4093/2012 "Memorandum III"	Art. 1 sub. par. IA. 7.4	Framework legislation	The obligation for stevedores to register in the National Registry. Two categories of registries: for the second category, the applicant needs to have certification according to the respective specialisation.	Stevedores	The objective of the National Registry is to operate as a public body of certification for the legal exercise of the profession of stevedore.	No harm to competition is identified since the registration in the Registry is open to every person fulfilling the criteria imposed by the law.	No recommendation for change. However, we note the differential treatment of stevedores and suggest it be reviewed.
26	L. 4093/2012 "Memorandum III"	Art. 1 sub. par. IA.7.1, 7.2	Framework legislation	Exclusion from the legislative framework for stevedores of the ports of Piraeus and Thessaloniki and for some categories of stevedore activities (i.e. for shipping of agricultural and livestock products, fertiliser, agricultural supplies or other products belonging to the producers from the production places to the warehouses for the account of producers and shipping of products in industrial production areas).	Stevedores	It was not possible to identify the objective of the specific provision.	No harm to competition has been identified. It should, however, be noted that the activities of stevedores in ports are administered in regulations issued by the Port Authorities and in labour law.	No recommendation for change. However, we note the differential treatment of stevedores and suggest it be reviewed.
27	L. 4093/2012 "Memorandum III"	Art. 1 sub. Par. IE. 4, 5,6	Framework legislation	According to the previous legislation, the leasing of private trucks by non-transportation companies was restricted on the basis of the weight of the truck. Law 4093/2012 has facilitated the use of private trucks as it allows non-transportation companies to lease trucks of private use from lease companies to a maximum gross weight of 3.5 tonnes, which was previously restricted.	Transportation	Law 4093/2012 has facilitated the use of private trucks up to 3.5 tons, as it allows any company or individual to rent such a truck from a car rental company, without proving that it fulfils the conditions of Law 1959/1991. This provision was mainly incorporated to encourage small truck rental from individuals and companies with limited (in terms of tonnage) needs. For larger companies (in terms of tonnage) that have more distinct and constant needs, the same law provided them with the ability to rent private trucks from other companies.	According to this provision a business may rent any private use truck from a non-transportation company, irrespective of the truck's size, provided that the licence of the private use truck is issued for the transportation of the same type of goods as those of the leaseholder. On the other hand, if the same business rents a truck from a transportation company, then this may be a public use truck, irrespective of the size of it, or a private use truck for a maximum gross weight of 3.5 tonnes. This provision does not restrict competition in any way, since it further liberalises the transportation sector. It actually accommodates the creation of transport companies with a fleet of private use, medium size trucks that may supply smaller businesses, an option that was not provided before the passing of this provision.	No recommendation for change.
28	Ministerial Decision 16597/2010 "Conditions for the establishment and operation of car rental companies without driver "	Art. 2 par. 4	Transport-logistics-warehousing	Car rental companies can rent trucks of private use without a driver to companies, but the lease agreement should have a minimum duration of 2 years.	Transportation	The restriction of 2 years minimum duration of the lease agreement was abolished by subpar. IE.7 of Law 4093/2013.	Provision has already been abolished.	No recommendation for change.
29	Ministerial Decision B1/oik.47801/4111/2007 "Determination of the transport tasks of the refrigerator trucks of public use"	Art. 1 c	Transport-logistics-warehousing	The law does not include trucks of private use in the provision of simultaneous transport of perishable and non-perishable products.	Transportation	Abolished by circular.	No harm to competition has been identified since the barrier has been lifted by the circular referred to below.	The provision should be explicitly repealed by a provision of equal or superior typical force.
30	Circular A1/oik.45399/4659/2012 "Transportation of perishable/non-perishable products by trucks of private use"		Transport-logistics-warehousing	The above problem seems to have been solved by the present circular but still it is not included in law.	Transportation	See above.	No harm to competition has been identified since the barrier has been lifted by the present circular.	The provision should be explicitly repealed by a provision of equal or superior typical force.

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31	Circular B1/8535/980/2012 "Application of art. 5 of L 4038/2012"	Chapter E	Transport-logistics-warehousing	The transport companies operating before the entry into force of L. 3887/2010 without a licence for road transport can acquire a truck of public use only by transfer of licence and in this case there is no requirement to prove the existence of a parking space. Such a requirement is obligatory for companies obtaining a licence for road transport according to L.3887/2010.	Transportation/licensing	Indeed companies of L. 3887/2010 should prove that they have parking space for their trucks, while companies operating before the entry into force of L.3887/10 are not subject to this requirement. This was incorporated in order to ensure that new transport companies (mainly large companies - S.A. and Limited Co.) are sufficiently well organised, so as to provide a parking space for their trucks. "Older" companies, although not facing such a requirement when they started their operation, were also given incentives to provide parking (Article 3 (6) of L.3887/2010).	This provision creates harm to competition. According to the OECD's competition assessment toolkit, a provision limits the ability of suppliers to compete if it significantly raises the costs of production for some suppliers (in this case new transport companies), relative to others (older transport companies operating before the entry into force of the L.3887/10), especially by treating incumbents differently from new entrants. Here older companies are simply "encouraged" by particular economic incentives to provide a parking space for themselves, whereas new ones are obliged to do so.	The circular should be explicitly repealed.
32	L. 1959/1991 "Truck licences-transportation-taxis"	Art. 15 par. 2, 3	Transport-logistics-warehousing	In case of change of category from international to national road transport, the company has to remain in this category for five years, if the change took place within three years from the initial categorisation. Exceptions can be made in case of transport in neighbouring countries.	Transportation/licensing	After the transitional period of Law 3887/2010, as amended, i.e. after 27-1-2012, this restriction no longer exists. According to Law 3887/2010, international transport companies have the right to perform national haulage as well, with the same licence.	Provision already abolished, no further analysis needed.	No recommendation for change.
33	L. 1959/1991 "Truck licences-transportation-taxis"	Art. 2 par. 6	Transport-logistics-warehousing	Only one licence is granted to transport companies, offices and transport agencies for trucks of private use of up to 4 tonnes for the exclusive transport of packaging materials which belong to them and which should be registered on the licence. Additionally, only one licence is granted for trucks of private use up to 3 tonnes for the transport of the daily press.	Transportation/licensing	The purpose of the ratio is to prevent transport agencies from performing third party transport with their private use trucks, without complying with the requirements for access to the profession of road haulier (reg. EC 1071/2009).	This restriction limits business choice and hampers competition. It is also in direct contrast to the provisions of L. 3887/2012 and the liberalisation of private and public use trucks. The number of licences needed and the size of trucks should be left to the discretion of each private company and should not be defined by the state. Otherwise this may lead to rising transportation costs and second-best choices in terms of economic efficiency for the companies with needs other than those described in this particular provision.	Abolish.
34	L. 3887/2010 "Road commercial transports-liberalisation, registry, companies"	Art. 13	Transport-logistics-warehousing	Insurance guarantee for the transport companies of up to EUR 60 000.	Transportation/licensing	The objective is to define a maximum insurance guarantee, so that the transport companies do not pay high insurance fees for high value products, whereas the transport fees are very low. The surplus is paid by the shipper.	This regulation seems reasonable and proportional to the objective of the law and, in principle, does not harm competition. International experience dictates that in many EU countries there are various mixtures of insurance regimes, where the transport companies, having limited liability for the safety of the goods, pay for a basic amount of insurance, up to a particular maximum, based on various criteria and the rest, if needed, is covered by the traders.	No recommendation for change.
35	Ministerial Decision A2/29542/5347/1991 "Licensing of trucks according to L.1959/1991"	Chapter C, par. 5	Transport-logistics-warehousing	The law provides for only one licence, for a truck of private use of maximum gross weight of 4 000 kg, to transport companies and transport agencies, for the exclusive transport of the company's own package materials.	Transportation/licensing	The purpose of the ratio is to prevent transport agencies from performing third party transport with their private use trucks, without complying with the requirements for access to the profession of road haulier (reg. EC 1071/2009).	This restriction limits business choice and hampers competition. It is also in direct contrast to the provisions of L. 3887/2012 and the liberalisation of private and public use trucks. The number of licences needed and the size of trucks should be left to the discretion of each private company and should not be defined by the state. Otherwise this may lead to rising transportation costs and second-best choices in terms of economic efficiency for the companies with needs other than those described in this particular provision.	The provision should be abolished.
36	Ministerial Decision A2/29542/5347/1991 "Licensing of trucks according to L.1959/1991"	Chapter C, par.7	Transport-logistics-warehousing	The law provides for a second licence for a truck of private use of maximum gross weight of 3 tonnes to newspaper sellers, for the transport of daily and periodic press.	Transportation/licensing	This provision is in force and is in line with the general ratio of Law 1959/1991. The purpose of the ratio is to prevent transport agencies from performing third party transport with their private use trucks, without complying with the requirements for access to the profession of road haulier (reg. EC 1071/2009).	This restriction limits business choice and hampers competition. It is also in direct contrast to the provisions of L. 3887/2012 and the liberalisation of private and public use trucks. The number of licences needed and the size of trucks should be left to the discretion of each private company and should not be defined by the state. Otherwise this may lead to rising transportation costs and second-best choices in terms of economic efficiency for the companies with needs other than those described in this particular provision.	The provision should be abolished.
37	Law 1959/1991 "Truck licences and transportation" and Ministerial Decision A2/29542/5347/1991 "Licensing of trucks according to L.1959/1991"	Art. 2 par. 3 and Chapter D par.2, 3,5,6	Transport-logistics-warehousing	For the issuance of a permanent licence for a truck of private use and the respective tonnes the law depends on the annual gross profit of the company or the natural person applying for the licence. Prior to the issuance of the permanent licence, a temporary licence is issued based on the annual gross profit. However, the temporary licence does not guarantee that a permanent licence of the same tonnage will be issued if the annual gross profit is not met.	Transportation/licensing	Law 1959/1991, article 2 par. 3. This provision is still in force. According to the legislative report for Law 1959/1991, the aim was to ensure a balance between the fleets of private use and public use trucks and to control the increase of the number of private-use trucks, which might perform illegal third-party transport, without complying with the requirements for access to the profession of road haulier. In general, a review of law 1959/1991 is under consideration.	The provision creates uncertainty for a potential investor, since obtaining the temporary licence does not guarantee that a permanent licence on the same tonnage will be issued. This restriction limits business choice and hampers competition. It is also in direct contrast to the provisions of L. 3887/2012 and the liberalisation of private and public use trucks. The number of licences needed and the size of trucks should be left to the discretion of each private company and should not be defined by the state. Otherwise this may lead to rising transportation costs and second best choices in terms of economic efficiency for the companies with needs other than those described in this particular provision.	The provision on the temporary licence should be abolished and the issuance of a permanent licence should be disconnected from the gross profit of the applicant. The choice of the tonnage of the truck should be left to the applicant.

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38	Ministerial Decision A/29542/5347/1991 "Licensing of trucks according to L.1959/1991"	Chapter E, par. 1	Transport-logistics-warehousing	The issued licences of trucks of private use should stipulate the goods and the materials that will be transported. In case of products referred to as "domestic products or products of general commerce", such products should be named in summary by the competent Tax Authority and be similar.	Transportation/licensing	This provision is in force. It allows the roadside control officers to verify that the private-use truck is not performing illegal third-party transport.	While the provision constitutes an administrative burden, we have no evidence of distortion of competition.	No recommendation for change on competition policy grounds. However, this constitutes an administrative burden and should be reviewed as such.
39	Presidential Decree 346/2001 "Road transports"	Art. 3 par. 6 οτ	Transport-logistics-warehousing	The law also provides the submission of a certificate of professional adequacy. However, each certificate can be used by only one road transport company in order to prove the relevant adequacy.	Transportation/licensing	After the entry into force of Regulation 1071/2009, the Ministry issued circular no 45621-ΠΓΞ/B4/55881/5940/5-12-2011. According to this circular, a person may act as transport manager for any number of transport enterprises, provided there is a genuine link between the manager and the enterprise (e.g. he is a stockholder or an employee of the enterprise). However, a person may be appointed by contract to be the transport manager to a single transport enterprise only.	The provision has been abolished by EU Regulation 1071/2009.	No recommendation for change.
40	Presidential Decree (P.D.) 79/2004 "Conditions for the establishment of interurban bus stations"	Art. 15 par. 1, 9, 10	Transport-logistics-warehousing	Truck stations need to obtain a licence of establishment. The establishment licence has a duration of 3 years, with a maximum extension of up to 2 years. Upon expiration, the companies must resubmit all the relevant documents and issue a new licence.	Transportation/licensing	It was not possible to identify the objective of the provision. However, in our understanding, the objective is to discourage the illegal establishment of truck stations and to exert efficient control.	This is a reasonable regulation and it does not seem to restrict competition. Five years (3+2) should be an adequate time for a company to complete the construction of a truck station and, if not, then the state should be able to review this licence and establish whether the particular company still fulfils all the objective criteria.	No recommendation for change.
41	Presidential Decree 79/2004 "Conditions for the establishment of interurban bus stations"	Art. 16 par. 1,3	Transport-logistics-warehousing	The truck stations also need to obtain an operation licence of unlimited duration. In case of amendment of details of the licence, the licence is reissued.	Transportation/licensing	It was not possible to identify the objective of the provision. However, in our understanding, the objective is to discourage the illegal establishment of truck stations and to exert efficient control.	This is a reasonable regulation; no competition issues are identified.	No recommendation for change.
42	Presidential Decree 79/2004 "Conditions for the establishment of interurban bus stations"	Art. 9, 10	Transport-logistics-warehousing	The law distinguishes 2 categories of truck stations. The first category serves mostly urban daily needs and has a minimum and a maximum surface. The second category serves mostly national and international transportation needs and has a minimum surface of 800 m ² . Additionally, in order to obtain a licence of establishment, there are geographical restrictions, i.e. truck stations cannot be established at a distance of less than 100 m from hospitals, schools, warehouses of flammable materials, or on ground floors of blocks of flats. The loading and unloading of products outside the truck stations is not allowed.	Transportation/licensing	There are two categories of truck stations, type A (small) and type B (large). The idea behind the two sizes is to allow the stations to be based in various locations, irrespective of the land use restrictions. It is stated in Article 10 that type B stations can be established in business parks and similar places, while type A can also be established in residential areas.	This is a reasonable regulation; no competition issues are identified. The two categories of truck stations are required in order to compensate for the trade-off between the needs that are met by the operation of a truck station and the disturbance this may cause to a residential area. Businesses are free to decide on the magnitude of their investment by choosing the type of truck station most suited to their needs.	No recommendation for change.
43	L. 3325/2005 "Establishment-operation of industrial facilities"	Art. 10 par. 8	Framework legislation	If new land use legislation is issued and industries are still operating within older land use legislation which is not compatible with the new one, special conditions for the customisation of the architecture and the design of the facilities may be imposed.	Urban planning	The objective is to ensure a balance between business operation and environmental protection. The investor has the opportunity to remain in the establishment, adapting to the new environmental terms and to avoid the burdensome process of relocation or definite closure.	The provision may create uncertainty and become a barrier to entry for new investment, increase costs for the industries already established and put them in a disadvantaged position in relation to these industries with no change of land use.	No recommendation for change is made since the conditions (even the harm to competition) seem to be proportional to the objective to be achieved. However, such provisions should be used in a more conservative way in order to ensure legal certainty.
44	L. 3325/2005 "Establishment-operation of industrial facilities"	Art. 9	Framework legislation	The erection of a building falls under the urban planning regulations. Deviations from the general legislation may apply - especially in height limits for certain installation (silos) when no other installation is technologically suitable.	Urban planning	The objective of the law is, through deviations, to prevent illegal building and operation or definite closure.	No harm to competition has been identified.	No recommendation for change.
45	L.4030/2011 "New way of issuance of building licences, of construction, inspections and other provisions"	Art. 6		In tourist areas (among others), if the owner does not complete the construction of the building within a few months of expiry of the building permit, the Municipality may proceed with the works at the owner's expense.	Urban planning	It was not possible to identify the objective of the specific provision. However, in our understanding the objective is to ensure the financial capacity of the investor, to prevent instances of half-finished buildings in tourist areas and to protect the environment.	No harm to competition has been identified.	No recommendation for change.
46	L.4030/2011 "New way of issuance of building licences, of construction, inspections and other provisions"	Art. 1	Urban-rural planning/land use	Construction is subject to approval and licensing (2 separate procedures). The approval of construction lasts for 1 year for buildings up to 2 000 m ² and for 2 years for larger buildings. Building licences last for 4 years or for 6 years with regard to buildings larger than 5 000 m ² . Demolition is also subject to building approval and licensing. Licences are renewed if the supervising engineer changes.	Urban planning	The objective is to set a new framework for the issuance of building licences, to ensure the safety of buildings, to exert sufficient control on construction, to modernise the licensing procedures and to protect the environment.	No harm to competition has been identified.	No recommendation for change.

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47	MD 7533/2012Procedure re issuance of a construction licence and approval of construction	Art. 1		The building approval is valid for 1 year for buildings of 2 000 m ² and for 2 years for buildings larger than 2 000 m ² . The building licence is valid for 4 years for buildings of less than 5 000 m ² and for 6 years for buildings larger than 5 000 m ² . The building licences are subject to updating in the event of interruption of works. Upon conclusion of works, the building licence is submitted to the competent Authority.	Urban planning	The objective is to set a new framework for the issuance of building licences, to ensure the safety of buildings, to exert sufficient control on construction, to modernise the licensing procedures and to protect the environment.	No harm to competition has been identified.	No recommendation for change.
48	P.D. 24/31-5-1985 Amendment of the terms and conditions of building in land lying outside city limits and outside the limits of villages legitimately existing prior to 1923	Art. 2	Urban-rural planning/land use	Certain operations (such as various agricultural facilities) are subject to other provisions than the general urban planning provisions, provided for in Article 1 of the P.D.	Urban planning	It was not possible to identify the objective of the specific provision. However, following a communication with the Ministry of Development, it is our understanding that the provision is within the general spirit of the P.D., which aims to promote business activity through flexibility and specialisation of its provisions according to type of activity.	No harm to competition has been identified.	No recommendation for change.
49	P.D. 24/31-5-1985 Amendment of the terms and conditions of building in land lying outside city limits and outside the limits of villages legitimately existing prior to 1923	Art. 4 par. 7	Urban-rural planning/land use	Expansion of existing industrial facilities which have been operating for 3 years at least is subject to more favourable building terms, compared to new industrial facilities.	Urban planning	The objective of the provision is to create flexibility for companies which, during their operation, need to expand further. The minimum operation time limit is provided in order not to circumvent the urban planning provisions and to ensure that the intentions of the company to expand are trustworthy.	The provision creates differential treatment and constitute a grandfathering clause for companies that are already operating and can benefit from urban planning deviations.	Abolish.
50	P.D. 24/31-5-1985 Amendment of the terms and conditions of building in land lying outside city limits and outside the limits of villages legitimately existing prior to 1923	Art. 4 and 9	Urban-rural planning/land use	Different building terms apply depending on the type of warehouse (industrial or commercial): a) the maximum coverage rate is 30% for industrial warehouses and 20 % for commercial ones, b) the number of floors is 3 for industrial and 2 for commercial warehouses, c) the building rate is 0.9 for industrial and 0.2 for commercial warehouses.	Urban planning	It was not possible to identify the objective of the specific provision. However, following a communication with the Ministry of Development, it is our understanding that the provision is within the general spirit of the PD, which aims to promote business activity through flexibility and specialisation of its provisions according to type of activity.	No harm to competition has been identified.	No recommendation for change.
51	PD. 31/1985 "Terms of layout land in unzoned cities"	Art. 1 par. 5	Framework legislation	For the construction of a building falling under the Presidential Decree, the maximum distance of the building for the borders of the plot is 15 m. In case of construction of a house, the maximum distance from the borders of the plot is 7.5 m and the maximum width of the building should be 10 m.	Urban planning	It was not possible to identify the objective of the specific provision.	Out of scope.	No recommendation for change.

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52	L. 2429/1996 "Financing of political parties and other provisions" and L. 2328/1995 "Private TV, radio etc."	Art. 33 & Art. 12 par. 1	Framework legislation	The law provides for a fee paid by the companies for any advertisement made through press or media (TV, radio).	Advertising	The objective of the provision is to safeguard the rights of the Pension Fund of Journalists.	The Law increases the cost of advertising, which implies less advertising and less information for consumers. Less advertising may also lead to lower sales, which implies fewer jobs, but also reduced tax revenues for the State. The Law discriminates against small (or new) firms, creating higher concentration in the market and hence potentially higher prices. It also discriminates against firms in sectors characterised by high advertising-to-sales-ratio sectors and it creates an extra cost to producers that will be incorporated into the final consumer prices. Moreover, advertising is the primary source of revenue for the print media and the sole source for private broadcasters. A reduction in advertising would result in a loss of jobs and a decreased ability to provide quality content and programming. In addition, a tax on advertising creates a deadweight loss for society as a whole and it is a tax on business inputs (double taxation), potentially creating various inefficiencies compared to an end-user retail tax. The cost of tax collection falls to the advertising agencies, which have to devote considerable resources to fulfil this obligation turning them into quasi-tax collection offices (approx. cost EUR 1 million per year). The higher operation cost means that small advertising agencies cannot profitably survive, potentially leading to higher concentration in this market. Traditional media (TV, radio, newspapers) are discriminated against by new media (internet), since the tax does not apply to them. Finally, State-owned companies are not obliged to pay this tax and therefore benefit from preferential treatment compared with their competitors.	Abolish, allowing for a transitional period of 5 years over which the fee is phased out.
53	L. 2429/1996 "Financing of political parties and other provisions" and L. 2328/1995 "Private TV, radio etc."	Art. 33 & Art. 12 par. 2	Framework legislation	Each radio station or TV channel, magazine and newspaper, should submit the price list for advertisements it applies to the Tax Authority. Such a price list comprises the rebates, the commissions and the offers as well as their receiver, i.e. the advertiser.	Advertising	The objective is the proper calculation of the due taxes/fees.	Price-list notifications cause price rigidity, discourage pricing flexibility in response to changes in market supply and demand conditions and reduce the transparency of the discount policies available to all consumers. Eventually this leads to higher prices and lower quality and quantity offered by the suppliers, therefore reducing significantly the incentives and the ability to compete, resulting in substantial consumer welfare loss.	Abolish.
54	L. 2429/1996 "Financing of political parties and other provisions" and L. 2328/1995 "Private TV, radio etc."	Art. 33 & Art. 12 par. 2	Framework legislation	In case of non submission of the above price lists, the fee is calculated based on the pricelist of ERT plus 100%. As for the press, the price is calculated based on the higher prices that have been submitted by other press media in the same category.	Advertising	The objective is to ensure proper submission of price lists and to avoid tax evasion.	See above.	Abolish.
55	L. 2429/1996 "Financing of political parties and other provisions" and L. 2328/1995 "Private TV, radio etc."	Art. 33 & Art. 12 par. 2	Framework legislation	The price lists submitted to the Tax Authority are accessible to any person interested. Additionally, the pricelists are sent to the Pension Fund of the Retired Employees of Newspapers of Athens and Thessaloniki.	Advertising	For transparency purposes anyone can get full information on the advertisement price lists of the press and media companies.	Price-list notifications cause price rigidity, discourage pricing flexibility in response to changes in market supply and demand conditions and reduce the transparency of the discount policies available to all consumers. Eventually this leads to higher prices and lower quality and quantity offered by the suppliers, therefore reducing significantly the incentives and the ability to compete, resulting in substantial consumer welfare loss. If publicly available, they act as a focal point.	Abolish.
56	L. 2429/1996 "Financing of political parties and other provisions" and L. 2328/1995 "Private TV, radio etc."	Art. 33 & Art. 12 par. 5	Framework legislation	The fee payable amounts to up to 35% of the advertisement cost for a radio station and up to 20% of the advertisement cost for a TV channel and only for the first invoice issued. Advertising is considered to be any publication including an advertisement message incorporated in the press distributed with the paper or the magazine, either with payment or free.	Advertising	This paragraph determines the maximum production cost of an advertisement (i.e. the minimum revenue margins for radio stations and TV channels) for avoidance of tax evasion.	See above.	Abolish, allowing for a transitional period of 5 years over which the fee is phased out.
57	L. 2429/1996 "Financing of political parties and other provisions" and L. 2328/1995 "Private TV, radio etc."	Art. 33 & Art. 12 par. 6	Framework legislation	When the advertisement takes place through radio or TV, the fee paid is calculated upon the nominal value of the price list, not taking into consideration any rebates or commission. When an advertiser mediates, the nominal value is reduced at a rebate of 20%, irrespective of the actual rebate provided.	Advertising	The objective of the provision is to fine-tune the relations between media-advertisers-advertising companies and to prevent loss of State revenue.	For the main harm to competition of the tax on advertising see above. However, this clause adds more distortion to the market. By defining a fixed cost of advertising and, in essence, not recognising any discounts, it imposes a rigid and high barrier to advertising.	Abolish.

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58	Royal Decree 24.9/20.10.58	Art.15 par. 1 category D	Framework legislation	The decree provides for a fee paid to the municipality for any type of advertising which takes place in restaurants, cafes, supermarkets, or other areas within the municipality's administrative limits. The fee amounts to 2% of the advertising cost when it takes place in shops. It amounts to 6% in restaurants, cafes and similar establishments.	Advertising	It was not possible to identify the objective of the specific provision. However, to our understanding, the provision aims to create income in favour of Municipalities. It also aims for the better management of the fees and the better control of their payment.	The fee is an anti-competitive burden that increases the cost of advertising, reduces advertising and hence leads to fewer sales, reduced revenues and provides fewer jobs for the firms. In essence, it discriminates against small (or new) firms and creates barriers to entry that lead to higher concentration in the market and hence potentially higher prices. It creates an extra cost to producers that are incorporated in the final consumer prices.	Alternative and less distortive sources of funding for local municipalities should be identified so that this fee can be phased out.
59	Royal Decree 24.9/20.10.59	Art. 15 par. 2	Framework legislation	The decree excludes the advertisements which take place through the press and media (TV, radio).	Advertising	The advertisement through press and media is subject to another fee provided by another piece of legislation.	See above and discriminates between suppliers.	No proposal. If the provision in row 58 above is abolished, this provision becomes irrelevant. However, it remains applicable to categories A - C in Art. 5 of Royal Decree 24.9/20/10/59.
60	Royal Decree 24.9/20.10.59	Art. 15 par. 3	Framework legislation	The municipality may adjust the above fee up to 15% annually.	Advertising	It was not possible to identify the objective of the specific provision. However, to our understanding, the provision aims to create income in favour of Municipalities.	See above.	No proposal. If the provision in row 58 above is abolished, this provision becomes irrelevant. However, it remains applicable to categories A - C in Art. 5 of Royal Decree 24.9/20/10/59.
61	LD 465/1941 "Fund for unemployment of journalists of Athens and Thessaloniki"	Art. 3	Framework legislation	The law provides for a special fee (αγγελιόσημο) on the advertising cost paid for any advertisement that takes place in the press.	Advertising	The objective of the provision is to ensure the social-pension rights of the employees of media and to safeguard the rights of the Pension Fund of Journalists.	The Law increases the cost of advertising, which implies less advertising and less information for consumers. Less advertising may also lead to lower sales, which implies fewer jobs, but also reduced tax revenues for the State. The Law discriminates against small (or new) firms, creating higher concentration in the market and hence potentially higher prices. It also discriminates against firms in sectors characterised by high advertising-to-sales-ratio sectors and it creates an extra cost to producers that will be incorporated into the final consumer prices. Moreover, advertising is the primary source of revenue for the print media and the sole source for private broadcasters. A reduction in advertising would result in a loss of jobs and a decreased ability to provide quality content and programming. In addition, a tax on advertising creates a deadweight loss for society as a whole and it is a tax on business inputs (double taxation), potentially creating various inefficiencies compared to an end-user retail tax. The cost of tax collection falls to the advertising agencies, which have to devote considerable resources to fulfil this obligation turning them into quasi-tax collection offices (approx. cost EUR 1 million per year). The higher operation cost means that small advertising agencies cannot profitably survive, potentially leading to higher concentration in this market. Traditional media (TV, radio, newspapers) are discriminated against by new media (internet), since the tax does not apply to them. Finally, State-owned companies are not obliged to pay this tax and therefore benefit from preferential treatment compared with their competitors.	Abolish, allowing for a transitional period of 5 years over which the fee is phased out.
62	L. 1326/1983 "Exemption from fees-fee on advertisement"	Art. 15	Framework legislation	A special tax of 20% is imposed on the nominal invoice price of the advertisements placed through TV and the fee encumbers the advertised company. Advertising by the public services is exempted from the above tax.	Advertising	The objective of the provision is to limit the advertisement because it tends to differentiate between the advertised products in relation to other similar and it creates consumerism specially to products which are not necessary.	See above.	Abolish.
63	LD. 1344/1973 "Fee for advertisement in newspapers, radio stations etc."	Art.2	Framework legislation	It excludes the State, the Prefectures and Municipalities, Legal Persons of Public Law and the Public Utilities from the advertising fee. Public companies or public utilities are considered to be companies in which the State has the absolute majority of the share of capital.	Advertising	The objective of the provision is to enable the respective bodies to be advertised.	Discriminates in favour of State-owned enterprises against privately owned firms, and provides them with clear and significant competitive advantage.	Abolish.
64	LD. 1344/1973 "Fee for advertisement in newspapers, radio stations etc."	Art. 3	Framework legislation	The fee on advertising through TV and radio was determined at 20%.	Advertising	The objective of the provision is to ensure the social-pension rights of the employees of media and to safeguard the rights of the Pension Fund of Journalists.	See above.	Explicitly repeal the provision.
65	L. 1866/1989 "National Council of TV and Radio"	Art. 15 par. 2	Framework legislation	With this art. the above fee was increased to 21.5%.	Advertising		See above.	Abolish.
66	L. 248/1967 "Secondary Fund of Journalists- Fee on advertisement"	Art. 11 par.1	Framework legislation	The fee on advertising through the press is determined at 20%.	Advertising	The objective of the provision is to ensure the social-pension rights of the employees of media and to safeguard the rights of the Pension Fund of Journalists.	See above.	Abolish.

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