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**ASSESSMENT OF THE VIABILITY OF THE INVESTMENT PLANS  
WHICH WERE APPROVED IN THESSALY BY THE DEVELOPMENT  
LAWS 1262/1982 AND 1892/1990**



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## **INTRODUCTION**

The purpose of this post gradual diploma is the control of the viability of the investment plans which were approved in the four prefectures of Thessaly: Larisa, Magnesia, Karditsa and Trikala by the development laws 1262/1982 and 1892/1990. Every development law has as objective the economical growth of the country through the improvement of firms, the technological development, the competition among firms and the regional cohesion. The investment plans which are examined in the present study refer to all sectors of economy: the primary sector, the secondary sector, the tourist sector and the tertiary sector.

In the first chapter it is examined the regional policy and its instruments. One of them is the developmental laws which are the main subject of this diploma.

Chapter two is referred by details to the two developmental laws 1262/1982 and 1892/1990. They are subscribed and finally they are compared. Some of their articles remained the same while other changed during the years.

Chapter three mentions some general data about the Region of Thessaly, such as its population, economy, and climate. Information which is necessary in order to be understood the significance of investments in each sector and in its prefecture.

Chapter four is dedicated to the private investments of the region. Which sector concentrated the most investments, why and if these firms still operate.

Finally in chapter five they are mentioned the conclusions and the literature which I used in order to fulfill this study.

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## **CHAPTER 1**

## REGIONAL POLICY

### 1.1 REGIONAL POLICY

Regional policy is an investment policy which supports job creation, competitiveness, economic growth, improved quality of life and sustainable development. Its major pursuit is the decrease of inequalities in the countries or regions which are less developed; concentrating funds on the areas and sectors where they can make the most difference, while simultaneously it must satisfy the two criteria of equality and effectiveness. Therefore, a regional policy should aim at the reduction of regional disparities, while the total income remains constant, and at the maximization of social prosperity, while productive factors and technology remain constant.

Nevertheless, the objectives of regional policy are not well defined since various aspects are reported. In particular, some economists advocate that regional policy should only aim at the economical development of a country; while others support that the ultimate target should be the decrease of regional disparities as far as it concerns the opportunities of employment. By another point of view, the regional policy should aim simultaneously at the economical development of a country and at the decrease of regional disparities.

Regarding the objectives of policy, they can be separated into the following categories:

1. Economical, for instance reduction of regional disparities in the field of unemployment, assurance of the optimal distribution of productive factors among the various sectors of economy
2. Environmental, for instance better equilibrium between population and environment, utilization of methods which are friendly to the environment
3. Social, for instance protection of the features of the cultural identity, improvement of the social coherence
4. Political, for instance national unity and security, political stability.

However, the aforementioned goals have different impact on the usage of the regional development, for instance the economical goals are more related to the public acclaim than the others.

The regional policy is applied via:

- Public expenditure concluding the expenditure of the operation of public services, governmental businesses, market, supply of equipment, execution of public works and intends to increase the demand for goods and as a consequence the income and the employment of region
  
- § Infrastructure development incentives concluding the productive infrastructure, the social infrastructure and the urban infrastructure and contributing to the improvement of productivity of a region through the attraction of investing capitals and well skilled labor
  
- § Investing incentives concluding of grant of the initial capital and of subsidy of the landing rate and provided through the Developmental Laws in order to reduce the initial cost of investment and to attract capitals.
  
- § Controls and restrictions originating from the consequences of the activities of the development regions and aiming to the avoidance of the malfunctions which result from the coexistence of the activities which affect negatively each other.
  
- § Increased labor mobility and capital and strengthen flexibility intending to confront the deficiencies of market which prevent the movement of the productive factors
  
- § Support policies of small manufacturing enterprises aiming to help these businesses to confront the competition, make investments and create jobs
  
- § Decentralization of public sector including transportation of responsibilities from the central level of administration to lower levels, such as regional, in order to decrease the regional dependency from the centre and to activate the regional authority

- § Policies in human resources intend to strengthen the quality of human resources through knowledge in order to improve their skills
  
- § Policies intangible infrastructure confront with problems such as information deficiency, incapacity to exploit novelties and lack of scale economies
  
- § Plant science institutions contributing to the knowledge of the scientific potential and to the revitalization of labor through the cooperation of enterprises and public sector
  
- § Cross border cooperation policies confronting with the isolation of the less developed regions and altering the border zone into a zone of intense trading
  
- § Political cross-selective industrial policies to tackle decline intending to institute strong investing incentives which would allow the enterprises to reorganize their capital and productive procedure.

Every instrument goals at the improvement of productivity, the attraction of investment capitals and of high quality labor, the creation of new investments and a pleasant living environment.

## **CHAPTER 2**

### **DEVELOPMENTAL LAWS IN GREECE**

## 2.1 GENERAL INFORMATION ABOUT THE DEVELOPMENTAL INCENTIVES

After the end of the Second World War, Greece made efforts to recompose and to develop the country and its economy. As the market could not fend for itself and follow the developmental tempo of the rest of Europe, the need of the institution of some incentives which could lead the country towards development was obvious.

Therefore, in the fifties the XV bill for the encouragement of construction activity is considered the first developmental incentive of that time. Afterwards, various measures were adopted mainly towards the encouragement of investments in the industrial sector, starting from the developmental law 147/67 which projected the increase of amortization and depreciation of fixed assets for firms located outside Attica. This law initiated a series of incentives for a more suitable location of industries.

The developmental incentives could be either *general*, such as the tax relief of the deposits in order to reinforce propensity to save, or *specified*, which were applied in our country to reinforce investments in certain activities or regions. Additionally, the developmental incentives could be characterized by *indifference*, meaning that they do not influence the choices of the investors regarding the kind of investment, or *they could make distinctions towards one way*. Nonetheless, rarely is there implementation of the developmental incentives because the governmental intervention through incentives does not aim at the augmentation of investments but simply at their restructuring.

Another distinction between incentives is:

§ *investment incentives*, which reinforce directly the investment and subsequently reduce its cost, and

§ *operational incentives*, which are based upon the variable cost of the enterprise (e.g. employment subsidy), or upon the value of product disposition (e.g. reduced Value Added Tax), or upon the value added (e.g. export incentives concerning the domestic value added

Both the investment and the operational incentives finally affect the annual financial results of a firm. As a consequence, they can provoke either a reduction in the taxable profits or an increase of the taxable profits.

Moreover, the developmental incentives can be separated into *automatic* (e.g. taxable incentives) and *incentives which are depended by the Administration* (e.g. grant subsidy), according to whether the issuance of specific act or decision by the Administration is compulsory for their activation.

The most important reasons for the implementation of developmental incentives are:

1. The promotion of 'productive activities', meaning the investment encouragement in order for new units to be created.

The significance of the productive activity changes from country to country and from time to time. In the most developed countries the significance of productive activity is identified with the investments in the sectors of alteration, tourism, mines-quarries, computer science and communications, always of course under certain circumstances which demonstrate viability of the investment and general development.

2. The promotion of research and development, the modernization of the productive system, the rational organization and reinforcement of the technological progress of the economy and/or its sectors and industries

3. The regional development, decentralization, with regards to the level of development of a country. In this way, we sometimes achieve the reduction of inequalities, as far as the distribution of the productive



activities is concerned, through the reinforcement of the less developed areas and other times the concentration of the activities in specific zones.

4. The conservation of restricted natural resources through alterations in the installations of the existing firms.
5. Protection of the environment from pollution.

These incentives are implemented mainly in countries which for years did not have a rigid system of requirements and control in order to protect the environment. One of these countries is Greece. For many years there was no control of factors causing severe damage to the environment.

Furthermore, the developmental incentives could especially aim at the increase of propensity to save or the creation of new productive investments from certain entities, such as cooperatives.

As far as the kinds of developmental incentives which have been used at times are concerned, these are:

### **§ Tax relieves or exemptions**

They are the most known developmental incentives. In these situations we have tax reductions from the profits of the firm - when the investment is realized under certain circumstances - or additional amortizations. Through these mechanisms the profits are augmented and the cash flow of the firms increases, as well. Tax relieves or exemptions can also be achieved through indirect tax (value added tax, stamp duty, tariffs) causing an increase in the gross profits of the firm or reduction in the cost of the investment.

## § Subsidies-grants

For many years they were the most substantial developmental incentives associated with the coverage of part of the cost of new investments or with interest subsidy through credits. Through these incentives the reduction of need for capitals for an investment is accomplished, the realization cost is restricted and therefore we can have an increase in the number of investments as well as their rapid realization. For this reason they are preferred mainly by new investors, while firms already in operation use the tax incentives.

Every country chooses to use the incentives which can assure transparency and effectiveness. However, their disadvantage is that they concern subsidized firms whose viability is not guaranteed and so there is large possibility of failure. On the other hand, the tax incentives are applied to enterprises which already function and therefore they need reinforcement in order to continue functioning. As a result, they are directly related with the implementation of the investment.

Nonetheless, in order for an enterprise to use the tax incentives, it must have the ability to implement the investment and, of course, enough profits. Then, subsidies contribute.

## § Other facilities and privileges

In this group there are some other incentives, such as the awarding of industrial plots with payments in many installments, the disposition of ready industrial buildings, the expropriation of land, free use of coasts, etc. These incentives are usually provided by local authorities or by local development bureaus.

For the implementation of the developmental incentives the existence of a healthy developmental environment is essential, so that they can harmonize with the goals of the developmental policy.

For the evaluation of the incentives there are the criteria of *profitability* and *effectiveness*.

§ The meaning of *profitability* is used in the phase of the design of the ex-ante evaluation. An incentive is profitable when the aim is realized with the smallest fiscal cost.

Theoretically, the term best profitability is used while practically we try to achieve satisfactory profitability.

Generally, the incentives foster the fast depreciation of productive labor and, therefore, its continuous renewal, the conservation of a high increase in the rate of productivity and the mobility of the investments.

Hereafter follows a detailed presentation of the developmental laws and the rest of the legislative instruments, starting with the developmental law 1262/82 and ending with the developmental law 1892/90.

## 2.2 DEVELOPMENTAL LAW 1262/82

On 18<sup>th</sup> October 1981, we have the enactment of the law for developmental incentives 1262/82 (ΦΕΚ 70) 'For the provision of reinforcement incentives for economic and regional development of the country and alteration of the related regulations' which was published on 16 June 1982.

The developmental law 1262/82 is referred to two types of incentives:

1. The *financial* incentives, which include the *grant* and *interest subsidy* and
2. The *tax* incentives

The *free capital reinforcement* or *grant* is the provision from the Public sector to the investor, without obligation of return, of a money amount which covers part of the cost of the productive investment. In reality it is a transfer of public funds to the investor as a supplement to its own funds allocated to the investment realization. Therefore, there is now the possibility of realization of investments which could not have been made because of insufficient own resources to cover the total cost. Simultaneously there is the possibility to implement an investment from the beginning, a fact that could help the investor assure profitable production and competitive cost, as well as the possibility of in-house financing for expansion.

The percentages of grant and of interest subsidy depend on various factors, such as: the general sector of activity where the scheduled investment belongs (industry, hotel investments, mines, etc), the geographical position of the investment and the subject of activity.

Through the interest subsidy the cost of loans is diminished for the investor while the resilience of any investing plan increases along with the profitability of the operational capital. Therefore, the investing plans, which under different circumstances would be evaluated as unprofitable, are now possible to be shifted into marginally profitable.

Simultaneously, the *tax incentives* are one more system of incentives. Specifically they include: the tax relief, meaning the possibility on the part of investors to keep from the taxable net profits of the firm an amount of money equal to the percentage of expenditure of the investment, and the *additional amortizations*, which allows the firms to restrict the duration of the operating danger because of faster withdrawal of capital and of the reduction of tax onus.

One substantial alteration of the developmental law 1262/82 was the expansion of the meaning of the productive investment, including the investments of the primary sector, as well as of some social and cultural services. So, according to the developmental law 1262/82 productive investment is considered:

- a. The construction, expansion and modernization of industrial facilities as well as of auxiliary facilities for the firms which are mentioned in the article.
- b. The purchase of non used, completed or semi-completed industrial installations and related installations, whose beginning of construction dates in the last five years before the publication of the developmental law and which have not been used for productive purposes for at least two years before the submission.
- c. The purchase of new machinery and other mechanical or technical equipment. The purchase of new computers and other systems of computerization or automation of procedures.
- d. The investment expenditures which regard the introduction, development and application of new technology. The installation expenditure of pilot units. The investment expenditures for applied research and purchase of equipment for industrial or mining research.

- e. The transportation expenditures for the relocation of the existing productive units to less developed areas or into the same area, but into an industrial zone.
- f. The construction of new storage units, refrigeration units, drying and preservation units for products, as well as the purchase of new refrigeration vehicles or vessels built in Greece.
- g. The purchase of new vehicles for the transportation of goods and labor force as well as new equipment and installations of the transportation of materials.
- h. The erection of new houses for the labor force of the firm as well as the erection of buildings or installations or equipment designated to the amusement or banquet of the staff, provided that they are constructed in the area where the firm is located.
- i. The construction, expansion and renovation of hotel installations, installations of utilization of mineral springs and the purchase of their equipment. The expenditure for permanent installations of camp sites and winter tourism as well as for the construction and equipment of apartments for tourist use.
- j. The expenditures for repair, restoration and alteration of traditional houses or buildings inside hostels or hotels, no matter whether they are inside or outside settlements which are characterized traditional or preserved. The renovation of traditional hotels which are protected by special regime of construction. The expenditures for renovation of traditional buildings by local authorities in order to transform them into places for social and cultural activity.

With the developmental law 1360/83 two more verses were added:

- k. The purchase of materials for reproduction of livestock farms and materials for agricultural and livestock farms as well as for fish farms.
- l. The investment expenditures which aim at the construction, expansion and modernization of equipment of central or other services.

Later with the developmental law 1682/87 two more verses were added:

- m. The purchase of industrial space in typecast craft areas or in multistory craft centers which constructed or constructs the Greek Bank of Industrial Development by its self or in cooperation with the Greek Organization of Small and Medium Enterprises and of Handicraft as well as in multistory craft centers which were constructed using the loan of the Greek Bank of Industrial Development independently of the constructive and using time.
- n. The construction, expansion and modernization of installations and the purchase of equipment for firms which provide services in the sector of tourism.

The activities which could participate in the developmental law 1262/82 were:

- a. The manufacturing (industrial, craft and handicraft) enterprises of every field. In these enterprises there are also included the craft enterprises of traditional building material, such as stone, masonry, floors, roofs, roof tiles and bricks of traditional type, several ceramic roofs and special mortars.. Additionally, craft enterprises and laboratories of traditional constructions, such as carpenters, furniture factories, carvers and other laboratories of processing building marble or stone. Laboratories of handicraft, of cottage industry, pottery, jewelry, textile, carpets and fur.
- b. Agricultural, woodland, livestock and fishery firms of modern technology.
- c. Mining and quarrying enterprises
- d. Centers of Technical Help for the industry and craft industry, which are established by associations, chambers, professional organizations, the Greek Organization of Small and Medium Enterprises and Handicraft, and whose goal is to provide technical consultants and information to the investors related to the technological condition of the field, the organization of production, the study of the market and essential mechanical equipment.
- e. Firms of Local Authorities or Associations which invest in the construction of industrial centers and buildings in the special industrial zones designated by the spatial and urban design.
- f. Enterprises of agricultural or agricultural-industrial associations for investments in mechanical tools of sowing, cultivation, harvest and packaging of agricultural products.
- g. Enterprises which produce for themselves or for others energy in the form of gas, hot water or steam.



- h. Enterprises which produce mechanisms for the conservation of energy and the processing of agricultural and industrial litter and rubbish.
- i. Enterprises which dry agricultural products, freeze or dehydrate agricultural, livestock and fishery products
- j. Enterprises which repair ships, enterprises of floating water tanks, for the purchase of new ships of domestic construction or used ships, only if their age is not over seven years or for the repair of used ships and fishery vessels of domestic construction.
- k. Enterprises of liquid gases and gases only if they invest in the creation of packaging installations or the purchase of transport means for liquid gases and gases for transportations to islands, under the prerequisite that these enterprises are located in the prefecture where the island belongs.
- l. Hotel enterprises and hostels up to 300 rooms
- m. Camp sites which are constructed under the specifications and the approval of the Greek Organization of Tourism, only for the expenditures for their permanent facilities as well as apartments for tourist use.
- n. Enterprises which exploit mineral springs and resorts of winter tourism.
- o. Houses or buildings which are characterized as historic or traditional, amendments in hostels or hotels or laboratories of traditional products, under the approval of the Ministry of Culture and Science or the Ministry of Spatial, Housing and Environment, as well as the Greek Organization of Tourism or the Greek Organization of Small and Medium Enterprises and of Handicraft only if there is no concentration of property of more than three units per natural person or industrial entity.
- p. Enterprises in this article belonging to associations or Local Authorities

Two more activities were added with the developmental laws 1563/83 (article 34) and developmental law 1682/87 (article 29):

- q. Enterprises which invest in the building of tourist and professional ships in Greek shipyards, under the condition that these ships belong to Greeks 100%.
- r. Enterprises which offer services of high technology.

With the developmental law 1682/87 the restriction of up to 300 rooms is abolished in order to reinforce larger firms.

Finally, the developmental law 1682/87 (article 2) forecasted the accession of productive investments in the Integrated Mediterranean Programs according to the regulations of the European Economic Union 2088/85 and the developmental law 1262/82.

Until the enactment of the developmental law 1262/82 the primary sector had its own regime of reinforcement. There was a system of investment programs created by the Ministry of Agriculture and the Agricultural Bank with direct and indirect subsidies which came from the national budget or with subsidized loans. The distinction of the primary sector was related to the fact that it was based on a different basis of operation unlike the industries and services.

Therefore, there was domination of the aspect that other kinds of incentives could be applied in the primary sector. The same happened in the European Union where the primary sector is separated from the other productive sectors and additionally it is reinforced through a separate fund, the Agricultural Fund (FEOGA).

Simultaneously, the developmental law 1262/82 included in its regulations some 'special', as they were characterized, investments. They were investments which largely are not included in the effort for regional development of the country and cannot be subsidized by the European Fund of Regional Development. These investments when realized in the zones B', C' and D' were subsidized additionally by 15%. These 'special' investments were the following:

- a. Enterprises for the protection of the environment, restriction of soil, subterranean, air and atmosphere pollution. They also included the expenditures for relocation of firms producing high noise pollution from populated areas to industrial zones.
- b. Firms for the replacement of the use of petroleum or electricity with gas, processed trash, mild forms of energy or retrieval of discarded heat, taking into consideration the rate of energy conservation. For these investments there is an additional condition, that is, the restriction of the pollution of the environment.
- c. Laboratories for applied industrial, energy or mining research which want to be established or be expanded.
- d. Enterprises of high technology
- e. The enterprises of Local Authorities of the article 2, paragraph 1.
- f. Investments in Specialized Institutions and Laboratories for Rapid rehabilitation and the occupation of underprivileged persons as well as investments realized by underprivileged persons.

In zone A' the developmental law determined a total grant of 30 percentage units for investments which belonged in categories a, b, c, d and f.

Moreover, the investments which were agricultural, fishery, of high technology but also historic buildings transformed into hostels or hotels, independently of the area where the investment was realized, could be subsidized with the rates of zone D'.

In case of establishment or expansion of laboratories of industrial, energy or mining research applied the percentages of zone C' independently from the area, except for the investments realized in zone D' and which were subsidized under the regime of this zone.

Simultaneously the developmental law 1262/82 subsidized the expenditures for relocation to the zones B', C' and D', while the percentage was equal to the maximum percentage of grant of the relocation area, increased by 15 percentage units. The categories of the expenditures of relocation which could use the grant, as well as the necessary documents were designated by the Minister of Coordination and Industry published in the Newspaper of Government.

In paragraph 2 of article 1 of the developmental law 1262/82 it is mentioned that the regulations of the law could not be applied for investments of public enterprises and organizations. However, this exemption does not apply to state affiliated firms or firms belonging to local authorities in case that they were included in one of the categories of investments which were mentioned in paragraph 1 of article 2.

As for the areas of incentives which the country was separated into, it is worth mentioning that the initial plan of the developmental law 1262/82 when it was discussed in the Parliament forecasted five (5) areas of incentives and not four (4) as it had in its final form when it was voted. In fact, the first aspect of five (5) areas of incentives was based on the fact that the spatial and social-economic differentiations are received better and also mould the conditions for reception of the new investment activities and the dynamics for regional development.

Ultimately, the Greek country was divided according to the developmental law 1262/82 in four areas of incentives. This formulation did not apply in the case of hotel investments, campings, enterprises of exploitation of natural springs and winter resorts. For all these activities the domain was divided from scratch but again in four areas.

Therefore, for industrial investments the developmental law 1262/82 created the following zones of incentives:

**Zone A’:** Prefecture of Attica (except for the county of Trizina, Kithira and Lavreotiki), the part of the Prefecture of Korinthia which borders to the Prefecture of Attica and the Isthmus of Korinthos, the Prefecture of Thessaloniki (except for the western part of the river Axios and the county of Lagadas)

**Zone B’:** The Prefectures of Viotia, Larisa, Korinthia (the rest), Achaia (except for the county of Kalavritta), Iraklion, the area of the city of Rhodes which is specified in a radius of 15 kilometers far from the prefectural building of the city, the counties of Lavreotiki and Trizina, the part of the Prefecture of Thessaloniki west of the river Axios, the county of Lagadas and the city of Chalkida.

**Zone C:** The Prefectures of Imathia, Kozani, Kavala, Fokida, Trikala, Karditsa, Etoloakarnania, Evia (except for the city of Chalkida), Arta, Preveza, Thesprotia, Ioannina, Kastoria, Pella, Chalkidiki, Kilkis, Serres, Drama, Iliia, Chania, Corfu, Fthiotida, Pieria, Argolida, Arcadia, Laconia, Lefkada, Kefallinia, Zakynthos, Evritania, Grevena, Florina, Rethimno, Lasithi, Cyclades and the counties of Kithira and Kalavritta. Additionally, the parts of the country which are not included in the rest areas except for the areas which are in the borders of the several prefectures (except for the island of Corfu) at a distance 20 kilometers from the borders.

**Zone D’:** The Prefectures of Lesvos, Chios, Samos, Xanthi, Rodopi, Evros, Dodecanese (except for the city of Rhodes), the prefecture of Magnesia, the distant areas of several prefectures (except for the island of Corfu) at a distance of 20 kilometers from the borders, as well as municipalities whose administrative borders are crossed from the radius of 20 km.

The new element of the developmental law 1262/82 associated to the previous developmental laws was that its developmental incentives were separated in two groups and the investors could apply the incentives of only one group. The groups of incentives were the following:

**Group A’:**

- § free grant
- § interest subsidy for the loan of investment
- § Increased amortizations

**Group B’:**

- § Tax-free discounts
- § Increased amortizations

With this separation the developmental law 1262/82 aimed at the further weakening of the tax exemptions.

According to article 5 of the developmental law 1262/82 the percentages of grant were the following:

**TABLE: HIGHEST PERCENTAGES OF GRANT OF THE DEVELOPMENTAL LAW 1262/82**

<b>ZONE</b>	<b>PERCENTAGE OF GRANT</b>
B'	10%-25%
C'	15%-40%
D'	20%-50%

Source: Newspaper of Government (70) 16/6/1982

For zone A' there is no grant, whereas the grants of zone D', did not included the special cases for which the minimum percentage of grant was 35%.

In the case of agricultural, woodland, livestock and fishery, enterprises of modern technology, firms processing agricultural, industrial and urban rubbish, enterprises of agricultural or agricultural-industrial associations, floating tanks, ship building, fish farms and several historic buildings, applied the percentages of grant of zone D', independently from the area where the investment was located.

For mining and quarrying firms they were grants applied in zone C', independently from the area where the investment was located, except for the case of facilities in zone D' where the percentages of grant for this zone were applied.

The special investments (protection of environment, conservation of energy, laboratories of research, high technology, enterprises of Local Authorities, special institutions for underprivileged persons) were awarded a grant of 15% independently from the area where the investment was located, except for zone A', where there was an additional grant of 15%.

Moreover, investments for civic markets, social and cultural centers and other services were subsidized in zone A' with a 40%.

Additionally, according to the developmental law 1262/82 there is also subsidy for the relocations of enterprises. So, in case of relocation of any enterprise which used to function in zone A' to other areas or special zones, there was a grant equal to the maximum percentage which applied for each area. The percentages for in-zone relocations was the same as that applied to the common investments in each area.

One novelty of the developmental law 1262/82 was the overlapping of the percentages of reinforcement among areas (10%-25% to zone B', 15%-40% to zone C' and 20%-50% to zone D'). This element offered more discretion to the relevant authorities in order to implement the investment policy of government.

Essential was also the differentiation of the developmental law 1262/82 as far as the participation of the public sector in the corporate capital of the firms is concerned. In this case the law stressed that the free subsidy was valid only when the amount of investment was up to 400 million drachmas. For investments from 400 to 600 million drachmas, the grant applied free was 50% for the overlap of the investment cost and the rest 50% was the participation of the public sector to the corporate capital of the enterprise, which was obliged to turn into a Limited Company or a Public Limited Company. For investments over 600 million drachmas the grant had the form of total participation of the public sector in the corporate capital. After time these amounts changed, firstly to 1.2 billion drachmas and 1.5 billion drachmas respectively and then to 1.6 billion drachmas and 2 billion drachmas respectively.

It is worth mentioning that the law clarified that the enterprises were not obligated to accept the participation of the public sector. Instead, they had the possibility to use the regulation of Law only for the free percentage of grant, preserving the minimum percentage of own contribution in total investment, as it was stipulated by the law.

Moreover, all developmental laws and especially those which forecasted public expenditure set some prerequisites as well as terms and restrictions in order to subsidize the investments. In the developmental law 1262/82 those were mentioned in article 5



Therefore, it was designated a minimum percentage of own contribution on the part of investor, according to the area of realization of the investment.

**TABLE: MINIMUM PERCENTAGES OF OWN CONTRIBUTION OF THE DEVELOPMENTAL LAW 1262/82**

<b>ZONE</b>	<b>PERCENTAGE OF OWN CONTRIBUTION</b>
B'	35%
C'	25%
D'	15%

Source: Newspaper of Government (70) 16/6/1982

In case of realization of investments by Local Authorities it was designated percentage of own contribution by 10 units lower, with the exception of zone A', where the minimum percentage of own contribution was 10%. In zone A' and only for the case of special investments the minimum percentage of own contribution was 30% of the total amount of investment.

It should be emphasized that the percentage of investor's own contribution was based on the recognized total value of the investment, which also included the value of the land which was not subsidized. According to the developmental law 1262/82 the own contribution comprised for personal enterprises own capital whereas for companies corporate capital. Specifically, as own contribution was recognized the amount of increase of the own contribution or of the capitalization of the taxed reserve. Meaning that in the cases of existing associations, as own contribution was recognized the increase of the associated capital or the formulation of special reserve or the use of reserves, except for the statutory reserve.

If the investor wanted to pay out the grant of the public sector, first he should have paid and spent the own contribution to percentage 50% and the bank participation to percentage 25%. The outlay should be done by installments, so as the rest of the own contribution and the loan were spent depending on the progress of the investment. The last installment was given after the certification of the realization of the investment.

It is important that the investor who used the developmental law 1262/82 could not initiate the investment before the publication of the approval of the Ministry of Adjustment. Of course, after years, this was modified by the developmental laws 1360/83, 1479/84 and 1682/87, offering the investors more freedom of movements, both for the beginning of the investment and the procedures before the submission.

In the article 7 paragraph 2 of the developmental law 1262/82 it is emphasized that the amount of grant is designated according to some criteria which are associated to the aims of the Economic Policy and Regional Development. For that reason, the private-economic criteria of evaluation and control of investments are used, such as the percentage and the amount of own contribution, the perspectives of viability of the enterprise combined with the social-economic criteria of purpose, which assure the maximization of the total social benefit from each investment.

Specifically, for the designation of the amount of the grant for each area there were the following criteria:

- a. The relation among the investment and the basic sectors of economy, as they were designated by the developmental policy of the government.
- b. The technology and the productivity of the investment and the rate of use of labor
- c. The national economic interest, such as the perspective of exports and the substitution of imports, the conservation of energy, the use of domestic material, the use of domestic capital and mechanic equipment.
- d. The social interest, such as the employment, the pollution of environment, the quality of life
- e. The entity of the investment, such as Associations, Local Authorities, Greek laborers that work abroad or as mariners.

It is obvious that the earlier the information is given to the committee and the evaluation offices the easier and more automated becomes the system of evaluation.

Especially for the secondary sector with the decisions of the Ministry Of National Economy IE 5532/87 (newspaper of government 270/B) and IE 10602/87 (newspaper of government 461/B) are designated the following evaluation criteria:

1. The elements taken into account:
  - § The characteristics of the entity of investment
  - § The elements of the relative sector
  - § The viability and the perspectives of the unit
  - § The developmental purpose of the investment
  
2. The grading of the characteristics of the investment according to some criteria of evaluation which are designated by the law and concern the grant:
  - § The own contribution of the entity
  - § The grade of verticalization of the sector
  - § The annual employment
  - § The exchange cost of the investment
  - § The net export grant
  - § The merit of the imports in the domestic market of the sector

3. The grant is calculated:

$$G = \text{Min.Per.} + (\text{Max.Per.} - \text{Min.Per.}) * (\text{gr./100}) + \text{Cor.}$$

where:

Min.Per.= the minimum percentage of grant of the area

Max.Per.= the maximum percentage of grant of the area

gr= the total of grades

Cor.= the corrective percentage units

Additional corrective percentage units are subsidized: 5 for sectors of high reinforcement, 3 for production of new products or use of any Greek invention, to 3 for investments which contribute to the economic fulfillment of area and to 15 for the special investments, for investments of Associations and Local Authorities and for investments of Greek mariners and Greeks who live abroad. As it is apparent there is discrimination among the percentages of grant. There were cases where ostensibly same enterprises were subsidized differently. Therefore, the need of convincing explanation for these different grants is obvious, so that they are not manipulated unequally.

Last but not least, the developmental Law 1262/82 did not forecast tax of grants. As a consequence the contribution of public sector did not decrease.

After that follows the article 11 of the developmental Law 1262/82 where the interest subsidy is mentioned. The interest subsidy was provided to the enterprises which submitted to the developmental Law and it was provided for loans. The percentages of interest subsidy in the various areas are the same with the percentages of grants of the relative areas. The interest subsidy was approved and offered for the first three years, except for investments in zone D' and in special zones, where the grant was provided for six years. The developmental Law 1682/87 forecasted interest subsidy for six years for the investments of protection of the environment. In order to be approved the interest subsidy there should observance of conditions and means in an essay by the relative control authorities.

In case the submitted investments did not use the grants, they could gain tax-free discounts from their profits, depending on the area of their realization, according to the articles 12 to 14 of the developmental Law 1262/82. These discounts concerned the taxed net profits of the enterprises which were located, established or relocated in the zones B', C' and D', only if they realized new productive investments from the beginning of the developmental law and till 31/12/1992. However the discount could not surpass a certain percentage of the annual profits. The rest amount was transferred and the discount was realized in the next years.

As a result, the percentages of the tax-free discounts multiplied by the value of new productive investments, as well as the percentages of the annual profits were the following:

**TABLE: PERCENTAGES OF TAX-FREE DISCOUNTS OF DEVELOPMENTAL LAW 1262/82**

<b>ZONES</b>	<b>PERCENTAGE OF THE TAX-FREE DISCOUNT MULTIPLIED BY THE VALUE OF INVESTMENT</b>	<b>PERCENTAGE OF ANNUAL PROFITS</b>
A'	-	-
B'	40%	75%
C'	55%	75%
D'	70%	90%

Source: Newspaper of Government (70) 16/6/1982

Additionally, in the beginning the developmental law 1262/82 forecasted that tax-free discounts could be used by investments up to 400 million drachmas. The amount of 400 million drachmas became gradually 800 million drachmas, 1.2 billion drachmas and 1.6 billion drachmas.

In the article 13 of the developmental law there were designated the conditions that an enterprise should satisfy so as to submit to the regulations of the tax-free discounts, whereas in the article 14 there were designated the cases where the tax-free discounts were taxed.

As we mentioned before, in the developmental law 1262/82 remained the incentive of increased amortizations, which could be realized for productive investments from the beginning of the developmental law till 31/12/1992. The realization of the increased amortizations, the fixed assets of enterprises, was increased in conjunction with the area it was located and with the work shifts.

According to the article 16 of the developmental law there was the case of taxation of the increased amortizations, in case the books of the enterprise were not right. Then followed the non-accounting designation of the net profits of the enterprise and the added amortizations, which were realized and taken into consideration in order to formulate the factor of net profit that was used in order to tax the enterprise.

Another change that the developmental law 1262/82 designated was the decentralization of the committees. Control committees were to function in all regions. As a consequence the significance of regional administration was reinforced. Simultaneously they were responsibilities for the right application of the decentralized system. Practically this did not happen because of the bureaucracy. For this reason it was forecasted the decision making by regional authorities and prefectures.

Last but not least, the developmental law 1262/82 provided also some other modifying regulations. According to those regulations, there was possibility for the Greek investors who lived abroad or were mariners to submit in the developmental law under concrete preconditions. Additionally, there was the possibility to subsidize some investments made by Local Authorities.

### 2.3 THE DEVELOPMENTAL LAW 1892/90

On 31 of June 1990 it was published in the newspaper of Government a new developmental law, the 1892/90 'For the modernization and the development and other regulations'. This law did not want to change radically or cancel the previous developmental law 1262/82. It simply aimed at a general reform of some regulations, without change of the basic constitution of the developmental law 1262/82.

The goal of all these adjustments was the improvement of the competitiveness of the Greek economy as well as the repeal of some problems which were detected while the previous developmental law was applied in order to improve the general functionalism of the regulations.

Therefore, in the article 1 is mentioned the meaning of productive activity and the new elements of the developmental law 1892/90 compared to the previous one, and were as follows:

- § The verse (b) changes and now it refers to the semi-completed industrial or craft establishments which are located in Industrial Areas set up by the Greek Bank of Industrial Development
- § The verse (c) described as productive activity the purchase of computers and also added the purchase of necessary software as well as the expenditure for the training of labor
- § In the verse (d) they added the surveys of ergonomics and protection of the physical and mental health of the labor force
- § In the verse (e), where the expenditure of relocation is mentioned, they are incorporated the expenditure for a new building
- § In the verse (f), the restriction for products of domestic production is deleted.
- § In the verse (h) for the construction of houses for the labor and other auxiliary installations for labor of the enterprises, it was added the construction of nurseries.
- § In the verse (j) the conversion of preserved buildings to hostels or hotels is not realized now only by Local Authorities but also by any non profitable legal entity.

Additionally, the regulations k, l, m and n remained as they had been added in the developmental law 1262/82 by the modifying laws 1360/83 and 1682/87. However, three more verses were added:

- § The construction, erection and modernization of marinas according to the conditions of the National Organization of Tourism and the related Ministries.
- § The construction, erection and modernization of conference centers.
- § The construction, erection and modernization of golf courses and of their necessary installations, as well as the purchase of their equipment.

Moreover, they were added three verses which concerned the non-productive investment:

- § The erection or expansion of the building installations in a plot that does not belong to the entity of the investment
- § The erection, expansion and modernization of the self-service accommodations as well as of hotels of every functional form below C' class.
- § The modernization of hotels of every functional form before the ending of ten years from the beginning of the operation of the unit or from the fulfillment of the investment.



Ultimately, in the article 1 two more verses were added:

In the first verse (paragraph 1) were added two minimum amounts of investments which are the following:

- § For investments of establishment or expansion of units in the agricultural sector, in fishery and in the production of energy from plant biomass, the minimum amount of investment is 30 million drachmas.
- § For establishment or expansion of industrial, mining, hotel and other investments of article 2, the minimum amount of investment is 60 million drachmas.
- § For investments in traditional and preserved buildings the minimum amount of investment is 15 million drachmas.
- § For investments of establishment or expansion of units of services as well as for investments of laboratories of industrial, mining etc. research, the minimum amount of investment is 5 million drachmas.
- § For investments of modernization of the rest of cases of the paragraph 1 of the article 2, the minimum amount of investment is 10 million drachmas.

In the second paragraph it is emphasized that there is possibility of adjustment of the previous terms, after the decision of the Minister of National Economy as well as designation of a different minimum amount of investment for concrete sectors or areas which present special problems.

In the article 2 of the developmental law 1892/90 there are described the investments which can submit in the developmental law. In this part, we stress again the differences between the developmental laws 1892/90 and 1262/82. However, generally their differences are little.

Therefore,

- § In the verse (g) for firms which produce energy in form of gas, warm water and steam, is added the production of solid gases and biomass
- § In the verse (h) for firms which parch agricultural products, is added their stylization and their package.
- § The verse (i) is abolished and there is a new verse for firms which will use biomass as raw material for the production of energy
- § In the verse ( l) are added the firms which provide services of hotels and especially units of exploitation of central laundry and those which produce processed or semi-processed food for the needs of the units
- § The verse (o), which refers to the houses or buildings which are preserved or traditional and transformed into hotels, hostels or laboratories of construction of traditional products or crafts, abolished the restriction of non-concentration of property above three units by the same individual or entity.

Additionally, there were added five more verses:

- § The verse (k) for enterprises of construction and exploitation of parking lots for public use, with a capacity for eighty cars at least
- § The verse (ka) for enterprises of exploitation of marinas, conference centers and golf courts
- § The verse (kb) for laboratories of industrial, energy and mining research, enterprises of technology development and software
- § The verse (kc) for enterprises which produce electricity from energy of mild form and especially wind, solar and hydroelectric power and the use of biomass
- § The verse (kd) for construction firms, for their modernization and the replacement of their equipment

Moreover, in the end of article 2 it was added a new paragraph (paragraph 3) which clarifies that the regulations of the developmental law 1892/90 for the grant and interest subsidy are applied to enterprises which use books of B' and C' class, as well as that these regulations are not applied for enterprises which have the form of society or enterprises of urban law.

Relative were also the differences of the developmental law 1892/90 as far as the previous law is concerned and in the case of the division of Greek domain to zones of incentives (article 3).

Essentially, the article 3 of the developmental law 1262/82 remained the same apart from some changes:

**Zone A'**: Remained the same with the zone A' of the developmental law 1262/82

**Zone B'**: The only change was in the prefecture of Larisa that excluded the county of Ellassona.

**Zone C'**: From the zone C' of the previous law they are deleted the Prefectures of Fthiotida, Ilia, Evritania and Grevena. From the prefecture of Karditsa are excluded several municipalities and communities as in the Prefectures of Arcadia and Cyclades. Instead, are added some communities of the county of Lagkada of the Prefecture of Thessaloniki, the county of Trizina, the municipalities of Methana and Poros and several municipalities of the Prefecture of Attica.

**Zone D'**: The new elements of zone D' of the developmental law 1282/90 are the Prefectures of Evritania, Grevena, Fokida, Ilia, some municipalities of the Prefecture of Evia, some areas of the Prefecture of Kozani, the county of Ellassona of the Prefecture of Larissa, some municipalities of the Prefecture of Arcadia, the county of Kalavrita of the Prefecture of Achaia, some municipalities and communities of the Prefecture of Karditsa and the zone of Lavretotiki. Additionally, the islands Kos, Patmos, Thasos, Thirasia, Amorgos, Koufonisia, Shinousa, Iraklia, Donousa, Anafi, Sikinos, Folegandros and Kimolos.

**Thrace**: The Prefectures of Xanthi, Rhodopi and Evros.

Moreover, some more verses are added:

- § In paragraph 4 are added verses which referred to the provision of reinforced incentives in case that an investment is realized in the industrial areas of the Greek Bank of Industrial Development or in the industrial centers of the Greek Organization of Small and Medium Enterprises and of Handicraft, or in industrial centers of local administration in zone D' and of Thrace, or in case that the enterprise is located in technological parks.
- § The time for the industrial and mining enterprises, which are located in the county of Thessaloniki, is prolonged from 31/12/1989 to 31/12/1994, while later it was prolonged again to 31/12/1999.

The article 4 refers to the substantial content of the reinforcements of the developmental law 1892/90 and especially to the subsidy. Initially, the verse about the participation of public sector in the corporate capital is abolished. The subsidy is provided only if the same investment is not subsidized by another source. This exemption is for investments of 2.5 billion drachmas which after the developmental law 2234/94 became 3 billion drachmas.

The amount of subsidy for the investment according to the developmental law 1892/90 is:

**TABLE; MAXIMUM PERCENTAGES OF SUBSIDY ACCORDING TO THE DEVELOPMENTAL LAW 1892/90**

<b>ZONE</b>	<b>PERCENTAGE OF SUBSIDY</b>
B'	15%
C'	25%
D'	35%
THRACE	45%

Source: Newspaper of Government (101) 31/7/1990

For zone A' the reinforcement was 40% only in case the investments concerned the article 9. If an investment was realized in the special zones or in the industrial areas, there was an additional reinforcement 5% and 7% in Thrace. The developmental law 1892/90 stressed that in the prefectures where there are industrial areas, it is obligatory for new industrial enterprises which submitted in the law to be set up in these areas.

We can notice that the percentages of reinforcement of the previous developmental law were abolished. On one hand, this new system simplifies the work of the authorities, as it is granted the percentage of reinforcement which will receive the enterprise. On the other hand, competition among enterprises is getting higher because of the lack of ranges of percentages. Now the more profitable investments are selected because of the lack of the total reinforcements every year.

In order to select the best investments and for them to be evaluated properly, the developmental law 1892/90 designated, as did the previous one, the conditions and the restrictions in the choice, as well as the criteria of evaluation.

The minimum percentage of own contribution was:

**TABLE; MINIMUM PERCENTAGES OF OWN CONTRIBUTION ACCORDING TO THE DEVELOPMENTAL LAW 1892/90**

<b>ZONE</b>	<b>PERCENTAGE OF OWN CONTRIBUTION</b>
B'	40%
C'	35%
D'	25%
THRACE	15%

Source: Newspaper of Government (101) 31/7/1990

For the zone A' and only for special investments it was designated minimum percentage of own contribution 40%, in regard to 30% of the developmental law1262/82. The favorable conditions for Associations and Organizations of Local Authorities is abolished, while in the own contribution is not included the value of land plot. Moreover, it is set as new amount of investment for the individual enterprises to 60 million drachmas, in regard to 40 million drachmas which was applied by the developmental law1262/82. Simultaneously, it is abolished the verse of the developmental law1262/82 which refers to the demand of increase of the corporate capital, only if the reserves are not distributed before the passing of ten years from the fulfillment of the investment.

In paragraph 4 the verse, which designates when an investment initiates, changes. Compared to the developmental law1262/82, the 1892/90 emphasizes that an investment could initiate after the submission of the necessary applications and documents. All these acts are done with the personal responsibility of the investor, while the beginning of the investment does not oblige the committee for the approval or not of the investment. It is emphasized that the expenditure before the submission does not count in the total cost of investment or the own contribution, whereas the value of the land plot is removed from the acts which are not regarded beginning of an investment.

Like the previous developmental law, the 1892/90 designated some special investments with different constitution of reinforcements relative to the area of installation:

**TABLE; MAXIMUM PERCENTAGES OF GRANT OF SPECIAL INVESTMENTS ACCORDING TO THE DEVELOPMENTAL LAW 1892/90**

<b>ZONE</b>	<b>PERCENTAGE OF GRANT</b>
B'	40%
C'	40%
D'	45%
THRACE	55%

Source: Newspaper of Government (101) 31/7/1990

As we mentioned before, these percentages concern the special investments of the article 9, which are:

- a. The protection of environment, restriction of pollution, replacement of the natural environment and recycling of water
- b. Investments of energy, such as exploitation of sustainable energy, replacement of liquid gas with electricity or other forms of energy and conservation of energy.
- c. Establishment and expansion of laboratories which apply industrial, mining and energy research
- d. Production of products and provision of services of high technology
- e. Investments for employment for the people with special needs
- f. Investments in laboratories which apply industrial, mining and energy research and develop software and technology.

For all these categories in zone A' it was designated a grant of 40%. Moreover, investments of agricultural activities in zone A' are submitted in the incentives of zone B', along with the cases of modernization of technological enterprises and hotel enterprises, which invest in modernization of their facilities in zone A'.

As far as the percentages of zone C' are concerned mining enterprises can submit, independently from the area of realization. Exception are the zones D and Thrace, where the reinforcements of these areas still apply. In zone D' can also be submitted investments in agricultural activities of modern technology, agricultural associations for mechanization, exploitation of rubbish and preserved building for transformation to hostels, hotels or laboratories of traditional products. Again, an exception is the zone Thrace, where the reinforcements in this area still apply.

Simultaneously, the terms for *the relocation of activities* are specified.

Therefore:

- § In case of relocation of an enterprise from zone A' to zones B', C', D' and Thrace or the special zones, is provided the reinforcement of the relative zone increased by 10% for zone B' and 15% for the rest
- § In case of relocation of an enterprise from zone A' to industrial areas of Thessaloniki, is provided the reinforcement of zone B'
- § In case of relocation of an enterprise from zones B', C' and D' to industrial areas of the same or more favorable incentives, is provided the reinforcement of the industrial area it refers to.

There is also possibility of designation of zones in the zone B', in which the incentive of relocation does not apply, as well as possibility of designation of fields of the secondary sector. For these fields there is additional grant 5%.

In the article 11 for the *interest subsidy*, the new element of the developmental law 1892/90 concerns the investments which are realized in Thrace. For these cases, the interest subsidy is provided for the whole time of the loan and up to ten years. As for investments in the other zones, the percentages of interest subsidy are the same as the percentages of grant in each zone and this applies for the first three years. The investments of zone D' are exempt and for them applies the interest subsidy for the first six years.

The developmental law 1892/90, like the 1262/82, stresses that it is not possible the use of the interest subsidy from enterprises which are submitted to the institution of tax-free discounts.



As far as it concerns the tax-free discounts as well as the percentages of annual profits:

For all investments apart from tourist:

<b>ZONE</b>	<b>PERCENTAGE OF TAX-FREE DISCOUNT</b>	<b>PERCENTAGE OF ANNUAL PROFITS</b>
B'	60%	60%
C'	75%	75%
D'	90%	90%
THRACE	100%	100%

Source: Newspaper of Government (101) 31/7/1990

The developmental law 1892/90 doing this separation, which there was not in the previous law, provides highest percentages of tax-free discounts for all the investments apart from tourist

For the investments in the industrial area of the Greek Bank of Industrial Development of the prefecture of Thessaloniki, the law provided the tax-free percentages of zone B', whereas for the mining investments in zone B' the tax-free percentages of zone C'. For the special investments of article 9 and for the laboratories of research in zones A' and B' there are provided the tax-free discounts of the zone C' and for those investments which are realized in zone C', the tax-free discounts of zone D'.

The only change of the developmental law 1892/90 regarding the tax-free discounts compared to the developmental law 1262/82 is the abolishment of the limit of 2 million drachmas of investment that the tax-free discounts can cover.

With the new developmental law 1892/90 (article 15) it is prolonged the date of fulfillment of the productive investments which could use the *increased amortizations* from 31/12/1992 to 31/12/1994.

The new developmental law 1892/90 abolishes the old article 17 of the 1262/82 which designated favorable terms for the Greeks who live abroad, as well as the article 18 of the 1262/82 which concerned technical programs.

Moreover, the article 19 of the developmental law 1892/90 mentions a new verse associated to the leasing of enterprises. These enterprises can use the tax-free discounts when:

- a. The duration of the contract of leasing is up to ten years
- b. The contract stipulates that after the end of leasing, the equipment will belong to the firm
- c. Simultaneously, the verses of paragraphs 9 and 10 of article 6 of the developmental law 1665/86, which referred to the leasing, are abolished.

According to the article 20 of the new developmental law, there is designation of a *special tax-free reserve of the investments*. The percentages of the undistributed net profits of the tax law 1828 increase from 25% and 35% in zone A' to 30% and 40% relatively, whereas in the rest zones from 40% to 50% relatively. It is stressed that these increased percentages (40% for zone A' and 50% for the rest) are applied to investments after their fulfillment in three years from the designation of the tax-free reserve.

According to the article 21 it is designated the possibility of exemption from the tax revenue up to 25% of the undistributed net profits for commercial enterprises for the economic years 1991-1994 in order to create a special tax-free reserve which aims at the realization of investments in the secondary sector.

Finally, one important verse of the developmental law 1892/90 is the article 22 which designates the Bureau of the Ministry of Industry, Energy and Technology as the authority that can publish license of establishment, expansion or modernization of the industrial, craft and every kind of technological facilities and storages.

We can conclude that although the developmental law 1892/90 aimed at the radical changes of the previous law, finally there were not essential changes. Therefore, more attention was given to the tax incentives, it abolished the participation of the public sector in the subsidized investments and brought back the equal treatment among the entities of different legal form.

On 31/8/1994 it was published in the newspaper of government the developmental law 2234/94, which altered some verses of the developmental law 1892/90, in order to exist coordination with the Business Program of Industry 1994-1999. The changes were the following:

- § It changed and competed the meaning of productive investment, as well as of the selective enterprises. On the other hand, there were no changes in the zones of the country.
- § As is mentioned before, the amount of grant (article 4) increased by the developmental law 2234/94 to 3 billion drachmas. However, it is stressed that when it concerned investments of national importance over 25 million drachmas, there are special arrangements in all sectors.
- § New minimum percentages of own contribution of investor are set which are the following:
  - Zone B' and C': 40%
  - Zone D': 30%
  - Thrace: 20%

We can notice that there is an increase of the minimum percentage of own contribution in these zones, while the percentage remains 40% in zone A' and only for the investments of the paragraph 2 of article 9. In case the investment cost is over 5 billion drachmas and up to 25 billion drachmas, this percentage, for investments over 5 billion drachmas, is designated to 33% for the entire country.

- § As for the manner of the outlay of the grant (article 4, par. 3) it is designated a special procedure for investments in Thrace and for all the investments whose cost is under 500 million drachmas, in three phases.
1. part equal to the 60% is given during the realization of the investment in installments upon approval so as to be spent at the same time as the rest of own contribution and loan
  2. part equal to the 20% is given after the certification of fulfillment of the investment and the publication of the relative decision
  3. the rest 20% is given after the certification of initiation of the productive operation of the investment and the publication of the relative decision of initiation of the productive operation, while a different procedure is designated for investments which a cost over 500 million drachmas.
- § Simultaneously, in the developmental law 2234/94 there are added some verses of the developmental law 1892/90 which refer to the procedure of provision of grant and interest subsidy.
- § It is designated (article 4, par. 6b) that the productive investments which cost over 300 million drachmas are examined directly by the Agricultural Bank of Greece, while the productive investments which cost up to 500 million drachmas are examined by the bureau of the Regional Development of the Ministry of National Economy.
- § As for the percentages of grant of the productive investments up to 5 billion drachmas, they remain the same as those in the developmental law 1892/90. An exception is the zone of Thrace where the percentage changes from 45% to 50%.
- § A special constitution of evaluation. of investments which cost over 5 billion drachmas is designed, as well as simultaneous participation of the Ministries of National Economy and Industry, Energy and Technology.
- § In the article 9 of the developmental law 1892/90 is added a verse which designates the Special Committee which is responsible for the applicant investments.

- § New investments are added in the category of ‘special investment’. Moreover, there is differentiation of the percentage of grant in the investments of this category when they are realized in zone A’:
- 40% for investments which cost till 5 billion drachmas and
  - 30% for investments which cost from 5 to 25 billion drachmas
- In the zones B’, C’ and D’ the percentage of grant is 30%
- § They are reinforced novelties, such as the ‘Centers of business activity’, as well as enterprises which offer services of high technology.
- § The meaning of relocation is restricted for firms, in order to protect the environment.
- § The measure of interest subsidy is prolonged from three to four years, whereas in the condition of the interest subsidy is added the decision of initiation of the productive operation.
- § The percentages of tax-free discounts are the same with those of the developmental law 1892/90, whereas for the investments of the Industrial Areas of zones B’, C’ and D’ are provided the percentages and tax-free discounts which apply in the C’, D’ and Thrace relatively.

## 2.4 CONCLUSIONS

In this chapter there are recorded, initially, some judgments and proposals which concern the content as well as the manner of surveillance and control of the submitted investments. After that, there are mentioned some important elements about the evolution of the developmental laws and any stable elements as well as those that have changed are stressed.

Examining the two developmental laws we can conclude that:

- § It is obvious that there is a tendency of reinforcement of the very big investments (those which cost more than 3 billion drachmas and, even more, those which cost more than 25 billion drachmas). This fact is not fair for the small and medium sized enterprises which are many in our country.
  
- § Even though the country is separated into zones, A', B', C', D' and Thrace, in many cases the regional dimension is reversed because there are many categories of investments which do not belong to any zone. Characteristic examples are:
  1. The very big industrial investments, over 25 billion drachmas
  2. The POTA, for which there is no regional differentiation of their reinforcements.
  3. Relatively, there is no regional differentiation for the fulfillment of a medium-term business plan, which must exceed 1 billion drachmas
  4. For certification, flexible specificity, introduction of environmentally friendly technology, production of novelties, laboratories for provision of high quality services, where the grant is the same, up to 40%.

§ Additionally, a requirement is the removal from the responsible minister of some of the many responsibilities that he has regarding:

1. the characterization of an investment as ‘of high technology’
2. the characterization of an area as POTA
3. the designation of special regulations for investments over 25 billion drachmas

Specifically, the existence of all these scopes concerning the minister’s decisions, allows the interference of non-economic criteria such as political pressures or personal favoritism to an investor.

Apart from these imperfections, there has also been some criticism about the manner of surveillance and control of the submitted investments. Therefore,

§ There is substantial lack of a cohesive system of surveillance and filing of documents of the investments. This situation, of poor computerization, ends to a weakness of the total evaluation of the documents and as a result the conclusions may not be right. Additionally, it is sometimes impossible to verify whether an investment has not been submitted simultaneously both to the grants and to the tax incentives

§ Relatively, there is no ex-post surveillance for completed investments and as a consequence their route after the initiation of their operation is not known

§ Delays are observed in certain key phases which are important to the route of investments (for example, during the first alteration and the first control) but also in the time of their fulfillment. All these demonstrate lack of organization as far as the elaboration of the survey which escorts the application of the investment is concerned.

§ Another essential element is that the responsible authorities do not have a catalogue of specified, fixed prices regarding the labor and material in order to estimate the cost of the equipment and the constructing works.

- § The above element is combined with inadequate information and education of the individuals who participate in the control committees, as well as with the non-provision to them of all the necessary means. Therefore, they cannot perform proper inspections and many times their role is restricted to simple auditing of the firms' books.

Nevertheless, we can detect elements of the developmental laws which remained the same as well as others which appeared later as novelties.

As for the stable elements we can point out the following:

- § Central element of both developmental laws is the separation of the country in zones of incentives
- § In conjunction with the zones of incentives there was a relative escalation of the percentages of subsidy contingent to the zone where the enterprise was located
- § A characteristic element is that in the zones of incentives the area of the capital, Athens, and the area of Thessaloniki are never included. In these areas only 'special investments' related to the protection of the environment and industrial research are subsidized.
- § Another stable element of the developmental laws is the existence of tax incentives. These incentives have existed since the beginning of the developmental laws, even though their significance and their tension were getting lower.
- § Last but not least, we can observe that there is a general orientation of the developmental laws towards the development of industry in Greece. However, again there were cases where their goals were underestimated and the developmental incentives aimed only at the increase of industrial employment independently of the area of location for the majority of investments.



As for the elements which changed during the evolution of the developmental laws we can highlight the following:

- § Despite the preservation of the separation of the country in zones of incentives, at times and from law to law, there were changes in the structure of these zones, sometimes bigger and other times smaller.
- § Changes also happened to the manner of determining the amount of subsidy, as in case of interest-rate subsidy, which sometimes was expressed in units and other times it was expressed as percentage of the interest rate.
- § Additionally, after time it was stipulated that only the investments which were considered 'productive' could file in the developmental laws. There were changes and additions with regard to the meaning of this term.
- § In both developmental laws it is forecasted the designation of zones of incentives in the several prefectures of the country and the investments which are located there are subsidized
- § In both developmental laws the protection of the environment, energy conservation, research and technology are considered crucial
- § Another element which appeared in the developmental law 1116/81 and remains to the next ones was the institution of direct grants to the submitted investments.
- § During time there were also changes in the incentive of grant. Now there is a percentage for each area. However there were cases where for each area of incentives there was a range of percentages (developmental law 1262/82)

- § Another element, which appeared with the developmental law 1262/82 but in time it was abolished, was the mandatory participation of the public sector in the corporate capital of the investments whose cost was over 400 million drachmas
- § With the developmental law 1262/82 the incentives were separated into two groups which are not compatible with each other. As a result, the investors should choose between these two groups. The aim of that separation was, at that time, the degradation of the tax incentives. The two groups were:
- Ø GROUP A':
    - Free grant
    - Interest subsidy
    - Increased amortizations
  - Ø GROUP B':
    - Tax-free discounts
    - Increased amortizations
- § Ultimately, another element added by the developmental law 1892/90 was leasing.

Solutions to these problems are:

- § The most important element may be computerization in order to supervise the private investments. This system should cooperate with other programs which also include subsidizing of investments.
- § Another essential improvement is standardization of the procedures of controlling investments. For instance, there should be tables with fixed prices of the units, as well as specific directions for the documentation concerning the stages of implementation.
- § Simultaneously, more attention should be paid to the upgrading of the instruments. There should be programs geared to inform and educate the controllers better and more completely.
- § Another element which would help to the improvement of the developmental incentives is a well organized system which will watch the investments after their implementation for a long time. This monitoring could be associated with the viability and e of the firm through the study of its annual balance sheet, the number of employees and generally its whole activities.

## **CHAPTER 3**

### **REGION OF THESSALY**

#### **3.1 GENERAL INFORMATION**

Thessaly lies in the northeastern part of Central Greece. At its eastern side, it is washed by the Aegean Sea. Its only gulf lies in the southeastern side and it is the Pagasetic Gulf. It is separated from Central and West Macedonia by the Mountains: Olympus, Titaros, Kamvounia, Antihasia and Hasia. From Epirus and Central Greece, Thessaly is separated by the Pindus Mountain.

The Thessalian area can be divided into: mountainous Thessaly, which occupies the 33,5% of the Thessalian area, flat Thessaly which occupies the 33,5% of the Thessalian area, the coastal zone and the islands Sporades.

Its most significant lake is the artificial lake Plastira whereas they are dried the lakes Karla and Kallipefki.

Its climate is generally Mediterranean while the average annual temperature ranges from 16 °C to 17 °C. The warmest months are July and August while the coldest, January, February and December.

## 2.2 POPULATION

The population of the region of Thessaly, according to data of the Hellenic Statistic Authority, is 730.730 residents in 2011. The region of Thessaly is classified third regarding its population, after Attica and Central Macedonia. The region of Thessaly concentrates the 6,77% of population of the country, with average density 52,06 residents/ m<sup>2</sup> which is enough lower than the national average of the 81,75 residents/ m<sup>2</sup> but also lower than other regions.

The total population of the region is distributed in the prefectures of: Larissa, Magnesia, Trikala and Karditsa while the prefecture of Larisa owns the 39% of the total. The evolutions of the population of the region from 1971 until 2011 are presented in the table.

**TABLE 1: EVOLUTION OF THE POPULATION OF REGION OF THESSALY**

	POPULATION				
	1971	1981	1991	2001	2011
Country	8.768.641	9.740.417	10.259.900	10.939.771	10.787.690
Region	658.940	695.654	734.846	754.893	730.730
Region/Country	7,51%	7,14%	7,16%	6,9%	6,77%
Pref. Karditsa	130.913	124.930	126.854	129.536	113.070
Pref. Larisa	233.159	254.295	270.612	277.973	284.420
Pref. Magnesia	161.392	182.222	198.434	207.836	203.540
Pref. Trikala	133.476	134.207	138.946	139.548	129.700
Pref. Karditsa/Region	19,87%	17,96%	17,26%	17,16%	15,47%
Pref. Larissa/Region	35,38%	36,55%	36,83%	36,82%	38,92%
Pref. Magnesia/Region	24,49%	26,19%	27,00%	27,53%	27,85%
Pref. Trikala/Region	20,26%	19,29%	18,91%	18,49%	17,76%

Source: Population census 1971, 1981, 1991, 2001, 2011

**TABLE 2: POPULATION CHANGE OF THE REGION OF THESSALY**

	Change (%)			
	1971-81	1981-91	1991-01	2001-11
Country	11,08%	5,33%	6,63%	-1,39%
Region	5,57%	5,63%	2,73%	-3,20%
Region/Country	-4,96%	0,29%	-3,63%	1,89%
Pref. Karditsa	-4,57%	1,54%	2,11%	-12,7%
Pref. Larisa	9,07%	6,42%	2,72%	2,32%
Pref. Magnesia	12,91%	8,90%	4,74%	-2,07%
Pref. Trikala	0,55%	3,53%	0,43%	-7,06%
Pref. Karditsa/Region	-9,61%	-3,88%	-0,58%	-9,85%
Pref. Larissa/Region	3,31%	0,74%	-0,03%	5,70%
Pref. Magnesia/Region	6,95%	3,09%	3,78%	1,16%
Pref. Trikala/Region	-4,76%	-1,99%	-2,22%	-3,95%

Source: Population census 1971, 1981, 1991, 2001, 2011

In the table 1 they are presented the population sizes and their evolution totally for the region and analytically for its prefectures. We can notice that although the population of the region was increased during the years 1971-2001, the years 2001-2011 was decreased by 1,39%. The same goes for the participation of population of the region in the total population of the country which from 2001 and after started decreasing. Moreover, we can notice that the population of all regions of Thessaly during the years 1971-2001 is increased while the percentage participation of the prefectures of Larissa and Magnesia increases against the prefectures of Trikala and mainly Karditsa. This evolution is connected directly to the attraction of Larissa and Volos as developmental centers. According to the last census all prefectures decrease their population apart from Larissa which was increased by 2,32%.

### 3.3 ECONOMIC FEATURES

The economy of the region is based mainly on the three economic sectors (primary, secondary, tertiary) of the local productive activities.

The **primary sector** constitutes a basic productive activity and is characterized by:

- § Low percentage of uncultivated land
- § Domination of cultivations, apart from the prefecture of Magnesia where there are essential cultivations of trees
- § The small contribution of the woodland and fishery products

Its basic problems are:

- § Lack of efficient water for the irrigated cultivations
- § Small size of the agricultural cultivations
- § Lack of complementation between plant and animal production
- § Low educational level of the farmers
- § Organizational lacks in the productive system of alteration and trade of products which are combined to lacks of the infrastructure.

The **secondary sector** is characterized by the geographically unequal industrial development and the decreasing participation of the regional gross capital. The alteration was mainly developed in the cities of Larissa and Volos, as well as along the most important highways. The biggest units (principally those of processing metals) were developed in the area of Volos. However, these units were damaged notably from the eighties until today, provoking the closure of their majority. The processing of agricultural products owns a major position in the alteration sector. Additionally, it is developed particularly the wood processing, the fabrics, the clothing production, the food production, the paper production, the metal processing and the engineering and machining works. The mining sector is

not significant for the region. On the other hand, the building sector presents positive evolution.

The basic problems of the secondary sector are the lack of infrastructure, the unplanned localization and the lack of modern methods of production.

As far as it concerns the **tertiary sector**, the majority gathers the trade activity and the services, especially the services of tourism. The trade is more intense in the capitals of the prefectures of Larisa and Volos, which are the most important export centers of the region. Principal exporting products are the agricultural and the fabric. **Tourism** is more developed in the prefecture of Magnesia, because of the areas of natural beauty which have international publicity, such as the Pelion and the Sporades. Regarding the prefecture of Larisa, the tourism is related close the commercial and other activities of the tertiary sector. The tourism of the prefecture of Trikala restricts mainly in the area of Kalampaka while the prefecture of Karditsa does not demonstrate essential tourist development, despite its notable force, apart from the area of Lake Plastira.

Substantial problems of the tertiary sector are the lack of infrastructure (mainly roads), of regional markets, stylization and modern organization of the trading products, as well as the unplanned tourist development and the inefficient tourist publicity.



## CHAPTER 4

### PRIVATE INVESTMENTS

#### 4.1 PRIVATE INVESTMENTS OF REGION OF THESSALY

Private investments increased during the years 1982-97. The examination of the percentage variation among the periods demonstrates that, in total for the region, private investments increased significantly. Characteristically, we refer to the periods between 1982-91 and 1990-97 when the increase of the private investments was about 30%, especially after the passing of the developmental law 1892/90. An exception are the private investments of the prefecture of Trikala which, after the enforcement of the next developmental law, decreased. As it is inferred from the table, the biggest participation in the private investments implemented in the region during the examined period takes place in the prefecture of Magnesia. Next follows the prefecture of Larisa and, with much smaller percentage, the prefecture of Trikala and Karditsa.

**TABLE: PRIVATE INVESTMENTS DURING THE YEARS 1988-97**

	PRIVATE INVESTMENTS	
	1982-91	1990-97
	Developmental law 1262/82	Developmental law 1892/90
Pref. Karditsa	6695,2	9290,1
Pref. Larissa	17033,5	33699,2
Pref. Magnesia	29967,7	37914,7
Pref. Trikala	9364,5	8703,8
Region	63061	89608
Pref. Karditsa/region	11%	10%
Pref. Larissa/region	27%	38%
Pref. Magnesia/region	48%	42%
Pref. Trikala/region	15%	10%

Source: 'Μελέτη χωρικών επιπτώσεων κοινοτικών προγραμμάτων και πολιτικών στην Περιφέρεια Θεσσαλίας', ΥΠΕΧΩΔΕ, 'Έγκριθείσες επενδύσεις ν. 1262/82 και ν.1892/90', Γενική Διεύθυνση Ιδιωτικών Επενδύσεων, ΥΠΕΘΟ

**TABLE: PERCENTAGE EVOLUTION OF THE PRIVATE INVESTMENTS**

	<b>PRIVATE INVESTMENTS</b>
	Evolution during 1982-91 and 1990-97
Pref. Karditsa	28%
Pref. Larissa	49%
Pref. Magnesia	21%
Pref. Trikala	-8%
Region	30%

Source: 'Μελέτη χωρικών επιπτώσεων κοινοτικών προγραμμάτων και πολιτικών στην Περιφέρεια Θεσσαλίας', ΥΠΕΧΩΔΕ, 'Έγκριθείσες επενδύσεις ν. 1262/82 και ν.1892/90', Γενική Διεύθυνση Ιδιωτικών Επενδύσεων, ΥΠΕΘΟ

## **4.2 SUBSIDIZED PRIVATE INVESTMENTS BY THE DEVELOPMENTAL LAW 1262/82**

Efforts have been made in order to be concentrated the necessary data, as far as it concerned the private investments which were subsidized by the developmental law 1262/82 in region of Thessaly, but this was inevitable. The Ministry of National Economy asked for the appropriate documents but did not manage to gather them because of the non-existence of a registration and monitoring system.

### 4.3 SUBSIDIZED PRIVATE INVESTMENTS BY THE DEVELOPMENTAL LAW 1892/90

#### BOARD: SUBSIDIZED PRIVATE INVESTMENTS IN REGION OF THESSALY, DEVELOPMENTAL LAW 1892/90

Prefectures	Number of Investments	Amount Investment	Grant
Karditsa	21	15.581.861	5.114.788
Larissa	60	64.115.389	21.352.890
Magnesia	84	209.836.416	74.216.388
Trikala	23	13.786.974	3.748.546
Region	188	303.320.640	104.432.612

Source: YΠEΘO

From the data of the above board, which refers the regional distribution of grants regarding the 188 subsidized investment plans, we can infer that the biggest participation in the developmental law 1892/90 presented the Prefecture of Magnesia (44.7%), while follows the prefecture of Larissa (32%) and with almost same participation the prefectures of Trikala and Karditsa.

**BOARD: NUMBER OF SUBSIDIZED PRIVATE INVESTMENTS IN REGION OF THESSALY ACCORDING TO EACH SECTOR OF ECONOMY, DEVELOPMENTAL LAW 1892/90**

Prefectures	Sectors of Economy			
	Primary	Secondary	Tertiary	Tourism
Karditsa	2	13	2	4
Larissa	7	43	5	5
Magnesia	1	46	1	36
Trikala	4	12	1	6
Region	14	114	9	51

Source: YΠEΘO

From the above board which refers to the 188 subsidized private investments by the developmental law 1892/90, it is obvious that the productive fracture of the region of Thessaly demonstrates mainly tertiary tension, whereas the participation of the other sector is fell short significantly. Concerning all prefectures, the majority of investments concentrated the secondary sector and follow tourism, the primary sector and in the end the tertiary. Therefore, it is apparent the severe reduction of the agricultural and husbandry fields which is in opposition to the significant development of the manufacturing sector and tourism. Exception is the prefecture of Larissa, which puts first the primary, sector after the secondary, the tertiary and in the end tourism. This is expected because a big part of the productive activity of this prefecture is based on the agricultural field.

Specifically, the region of Thessaly is principally agricultural because of the natural reservoirs which has and played a key role in the alteration of the productive activity in this sector after the Second World War. Since 1981, the primary sector has employed the biggest part of the active population of the area and its products held the largest part of the regional Gross product. Lately, the sector started shrinking a lot, both in terms of occupation and in terms of production; a fact which associates with the intense dominance of the industry as far as it refers to the regional but also the national economy. However, it continues being an essential source of income. The most ‘agricultural’ prefecture is the prefecture of Larisa, where the primary sector prevails, followed by the prefectures of Karditsa, Magnesia and Trikala

The secondary sector is connected to activities which are vital for the economic development of the region. For many years this sector was one of the most substantial in Thessaly.

The economic activity of the secondary sector is analyzed in the following fields:

- § Mines-quarries
- § Industry-crafts

Additionally, the industrial and crafting enterprises are separated further into the following fields:

- § Enterprises which alter agricultural products, such as food industries, tobacco industries etc
- § Enterprises which produce consumer products, such as clothing and footwear industries, industries of processing wood etc
- § Enterprises of heavy industry, such as industries which produce plastic, metal products etc

As far as it concerns the tertiary sector, the region of Thessaly follows the industrial tendency of the economy which is observed in the whole country.

The tertiary sector consists of the following fields:

- § Tourism
- § Services of common utility
- § Trade
- § Transport and Communication
- § Banking and Insurance
- § Health and Education
- § Other services

Tourism is an important economic activity for the Region of Thessaly and holds a dominant position in the tertiary sector. There are essential tourist sources throughout the region of Thessaly, such as sites of natural beauty, archeological sites, traditional villages and cultural tradition. As a result, these sites demonstrate increased interest tourist destinations. The most important of them are located mainly in the prefecture of Magnesia, especially the Pelion Mount and the Sporades islands, and in the prefecture of Trikala, the area of Kalampaka and the Meteora. Other major areas which attract visitors are the eastern coasts of the prefecture of Larisa and the Lake Plastira of the prefecture of Karditsa. The tourist services include restaurant services, hotel services, car rental, warm water spas and personal services.

Despite the efforts made in order to upgrade the tourist infrastructure, through national and European programs and developmental laws, the development of tourism in the region remains restricted and unequally distributed. This is due to the following reasons:

- § The low level of the offered tourist services
- § The underdevelopment of new kinds of tourism, despite the suitability of the region
- § The inefficient road connections
- § The lack of an international airport
- § The lack of experienced staff
- § The tourist publicity which is not intense

**BOARD: NUMBER OF SUBSIDIZED PRIVATE INVESTMENTS IN REGION OF THESSALY ACCORDING TO EACH SECTOR OF ECONOMY WHICH OPERATE UNTIL TODAY, DEVELOPMENTAL LAW 1892/90**

Prefectures	Sectors of Economy			
	Primary	Secondary	Tertiary	Tourism
Karditsa	0	9	1	3
Larissa	4	30	1	4
Magnesia	1	29	1	35
Trikala	1	10	1	2
Region	6	78	4	44

Source: YΠEΘO

Today, from the 188 private investments, which were subsidized by the developmental law 1892/90 in region of Thessaly, continue their function only 132. They were decreased almost by 30%. The biggest decrease of all sectors had the primary sector, which was decreased by 57% and then the tertiary sector by 55%. The smallest decrease presented the tertiary sector (31%) while tourism was diminished only by 14%.

One of the reasons that the Developmental Law 1892/90 did not achieve the continuous operation of the firms is that the majority of the approved firms were small and medium.

The small and medium sized enterprises (SMEs) of the region are divided in two large categories:

1. SMEs of local range which offer their products to their Prefecture or in the best occasion to the neighboring Prefectures.

Their characteristics are:

- They are affected directly by the income variation. As a consequence in the agricultural Prefectures, such as of Trikala and of Karditsa, the firms have a decreasing movement because of the agricultural income decrease
- The wealthy inhabitants prefer to purchase their products from other cities which offer variant choices. These people contribute to the loss



of the local consumption and therefore they reduce the clients of the regional firms

2. SMEs of non local range, with a nationwide network exchange of products even exports

Their characteristics are:

- Improved organization of the network exchange
- Better client monitoring systems
- Better marketing
- Most of these firms detect their weakness in the field of organization and products quickly because their competitors are significant firms and not the local businesses.

One of their disadvantages was the lack of essential business plan and of appropriate consultants of organization and development. Because of the non existence of business plan most of entrepreneurs follow their instinct and they have no strategy. Additionally, the responsible authorities which should have the ability to support these SMEs in issues, such as understanding of technology, do not have adequate knowledge. Universities and generally the public educational establishments unfortunately do not participate in the production procedure whereas they should contribute to the development of the economy. They should supply the society with capable executives as well as to audit all these expensive researches which can not audit each firm

## CHAPTER 5

### CONCLUSIONS AND SUGGESTIONS

#### 5.1 CONCLUSIONS-SUGGESTIONS

In this chapter they are recorded the conclusions which were emerged during the study as well as thoughts and suggestions as far as they concerned the issues of this diploma.

First of all, starting this diploma the data gathering was a difficult procedure because it was only property of the Ministry of National Economy. Nevertheless, this data referred only to the name of investments, their region, their subject, their grants and the investment amount. There was no reference in the new jobs that the developmental laws created and therefore we can not conclude how they affected the national and regional employment. Moreover, there are no data for the developmental law 1262/82 but only for 1892/90.

One important conclusion is that the majority, maybe none, of these investments were not realized without the grants that the developmental laws provided. It is difficult for an investor to invest without these incentives. On the other hand, no one was interested about the route of each investment. There is no monitoring system after its fulfillment. That is the reason why in most cases the incentives were just an attraction for the 'investors' which wanted to speculate. This fact led most of the investments not to be fulfilled or to function for short time.

Moreover, these incentives must remain but it is important the simultaneous improvement of infrastructure in regions which are less developed. The firms which are realized in these areas need to confront the increased operational cost as well as the inefficiency of services.

One frequent phenomenon is the delay and extension of time that an investment need in order to be fulfilled, as well as the modification of the investment cost. These observations demonstrate the non existence of right feasibility studies, to which they are recorded the amounts and the dates of each investment. In this way it would be easy to detect which of them are easy to be fulfilled and to continue functioning.

As far as it concerns the private investments which were subsidized by the developmental law 1892/90, the majority was fulfilled in the prefectures of Magnesia and Larissa. This is one reason why these prefectures are more developed regarding the prefectures of Trikala and Karditsa. Nevertheless, more and more firms stop functioning because of the non reinforcement by the Nation after their fulfillment.

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