



The Greek Environmental Market: An extensive review

by Stavros Damianidis and Yannis Tsakos*, September 2008

The importance of environmental protection became a popular topic in Europe in the early '80s; shortly after it was imported in Greece. Throughout the years, the demand of integrating environment as a value in every aspect of modern life has been considered a prerequisite for sustainability. Legislation has been transformed, either with Europe-wide initiatives or independent state decisions, towards a model of sustainable development. In this context, the '90s have been the decade of various actions in different sectors, promoting the protection of nature through the combination of scientific, technical and socioeconomic expertise. This wide spread of required knowledge for an effective environmental protection concept is indeed the practical meaning of sustainability as a discipline.

This trend towards integrated solutions –more of a demand in certain cases- was initially promoted in research and in education, steadily forming a particular branch of activities, aiming at environmental protection and supporting other financial activities, as well independently developing new methodologies and technologies. The energy sector is directly attached to environment, since the rational use of energy contributes to the reduction of pollutants and the improvement of the quality of life. Environment is an integrated discipline, incorporating various academic fields, both in science and humanities, such as natural sciences, engineering, economics, sociology and politics. At the same time, it spreads in all stages of activities, such as the use of raw materials, manufacturing and industry, trade and services, research and education.

Following European and international political trends, Greece has slowly formed its own environmental industry. European R&D projects, mainly aimed at the approaching European standards and energy saving, were the initial driving force for gaining experience in services and education. At the same time, foreseeing Greek directors had been involved in equipment trading and systems, either with exclusive or general utilisation in environmental applications. Shortly, large construction companies and industrial groups had been interested in environmental projects and technologies, developing their own business activities and expanding the environmental industry in the country.

In the late '00s, over 600 companies are active in the Greek market environmental sector, ranging from company groups to one person companies, covering a wide range of activities, from studies and consultancy projects, manufacturing and production, construction and trading. An assessment of this sector's potential is rather difficult, since it stretches both in terms of variety and extent. A rough estimation of the overall annual turnover amounts approximately 3 billion €, depicting a steadily upward course in the last years. The profit ratio cannot be estimated due to the variety of companies and specialties in the sector. In respect to



employment in the environment industry, it is estimated to approximately 30,000 employees, either direct or indirect, recording a slight decrease in the last years. All figures in respect to the country's population (per capita figures) are lower than the respective European average, not indicating any sign of convergence in the near future. Furthermore, the balance of export to import of environmental technology and relative services is negative for Greece, similarly to other European Mediterranean and Eastern Europe countries.

The main reasons for the current market status are detected in the way this market has developed, as well as in its driving force. Still though, the well-known market stiffness in Greece also contributes to the above. The environmental market has not developed independently, but was initiated in most cases as a "side-effect" of other activities, e.g. construction. In the course of events, certain sectors evolved on their own, still though most activities retain strong bonds to large companies. Furthermore, the market's driving force formulates the market's potential, being the need of compliance to the current legislation. Environmental consciousness has been fostered in Greece during the last years, but still cannot define or precede development. In this frame, the market evolves in particular and thematic sectors, lacking a horizontal integration aspect.

It is a fact that the profitability of environmental services is not as high compare to other activities, such as construction. In this aspect, large companies consider investment in this sector inexpedient and environmental business is shadowed by more profitable ones. Trade has shown a steady course, renewing and improving the import quality, following foreign markets. Regarding domestic manufacturing and industry in this sector, evolution has a slow pace due to the low profitability and the limited demand. The main drawback though is focused on the need of compliance to environmental legislation as a market driving force, which obliges the market to follow specific trends and not generate them. As such, the market extends to various relevant sectors in urgent steps, lacking integrated planning and coordinated actions. In this manner, services quality remains in low and in cases unacceptable levels and the breaking of activities in various fields hinders the development of specialised expertise. Environment incorporates a wide field of numerous specialties, but this does not imply that the sector's enterprises are able to be present in all fields and survive in this manner.

It is indeed important to comprehend that investing in environmental know-how and technology, both in terms of funds as well as education and personnel training, is not such a profitable trend or even competitive, in comparison to other industry sectors. The appropriate market approach in this field is obliged to follow the demands of sustainability and sustainable development, proceeding to a long-term investment of knowledge and technology production. The market's evolution so far has led to a state that can neither be described as healthy nor sustainable. Long-term investments shall enforce environmental services and technology, allowing the development of expertise in particular fields.



At the same time, the state needs to be actively involved in this sector, playing a double role. Supporting competitiveness with a well-defined framework and forwarding entrepreneurship are two main development tasks. Business opportunities need to be facilitated by the development of a clear and practical frame, incorporating both long-term aspects and realistic conditions. The competent authorities need to decide on permit and control legislative issues, as well as the practical public demands and the actual market capacity, support and investments. Furthermore, the environmental legislative framework needs to be separated and well-defined, operating independently from economic development, according to the European legislation for environment. Control mechanisms demand urgent improvement actions, depicting a lack of practicality in decision making processes, environmental terms and conditions approval, and environmental protection specifications.

Despite the general market picture, important forward steps need to be acknowledged. Companies that offer qualitative services in specialised fields and invest in training and know-how development, have a definite presence in the sector, avoiding transient activities and circumstantial publicity. Greek businesses have proved in the time course that they have the potential to precede trends in various sectors. Along with solid structure and strict professionalism, companies that acknowledge the importance of environmental investment have the capacity to be distinguished both in the domestic and the international market, forming a brand new frame of the Greek environmental sector.

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