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FOREIGN SERVICE DESPATCH

33-1100-81/8-1660

STAT

FROM : AMEMBASSY, ATHENS

TO : THE DEPARTMENT OF STATE, WASHINGTON.

August 11, 1960
DATE

REF : Depcirclet 111
GSRP - Section II, Item I-A-5, Item II

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SUBJECT: COSEL Black State Dept. review completed

1. Mr. John W. Black, Professional Staff Member of the Senate Committee on Interstate and Foreign Commerce, arrived in Athens on August 10 and departed on August 12. Transmitted as enclosures to this despatch are 6 copies of the schedule prepared for Mr. Black. Mr. Black was also the Ambassador's guest for dinner at the residence on August 11, and on August 12 he made a courtesy call on Mr. Nicholas Phocas, the Secretary General of the Greek National Tourist Organization.

2. The discussions at the Embassy briefing and with the various businessmen covered a wide range of economic and commercial matters, most of which turned on the competitive position of United States products and services in Greece, especially as affected by increased competition from Western European and Soviet countries. Points made by the various businessmen included the following:

Troutman (American Export Lines): At the onset of the world shipping crisis many shippers converted their ships to general cargo type vessels, since the fall in the demand for this type of service had not been so great as had been that for other type vessels. American Export has made every effort to hold its own by offering more service to shippers; an example is the highly specialized service offered by the company to merchants shipping tobacco from Greece. American Export does some transshipping of goods which originate from Soviet bloc ports on the Black Sea and is prepared to step up its activities in that area when and if it is permitted to do so. While it would be in the interests of the United States business community to establish a United States Chamber of Commerce in Athens, U.S. officials and businessmen should continue to give all possible support to the Athens-Piraeus Propeller Club (of which Mr. Troutman is President), which already serves an important function in providing a meeting ground for Greek and American businessmen, government officials, and other leaders in the community.

Papavasiliopoulos (Goodyear, Caterpillar Tractor, Deere and Co., as well as seven other U.S. firms, large and small): Many U.S. products are not selling as well as might be expected in Greece for one or more of the following reasons: (a) high prices, (b) inability to obtain suppliers' credits, (c) higher shipping costs, and (d) inability, indifference, or unwillingness of U.S. suppliers, especially the larger companies, to adapt either their products or manner of doing business to local conditions.

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25 YEAR RE-REVIEW

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(e) some Greek importers of U.S. construction equipment are forced to compete against U.S. government agencies which dispose of surplus U.S. equipment at very low prices. Most German firms can in many cases extend credits and discount their paper, since the credits can be insured through Hermes. This factor is especially important to the Greek importer, who finds himself strapped for funds as a result of the high prepayment requirements imposed by the government on the importation of many of the goods he sells. Ex-Im Bank procedures involve too much delay and red tape. In many cases Ex-Im Bank credits cannot be utilized because Greek firms are too hard pressed for cash to program their purchases in a rational manner. To-day for example, several firms have bid on a large construction project for which none of them have adequate equipment, and the lowest bidder will not have time to seek an Ex-Im Bank loan on the equipment after he learns that he has been awarded the contract. As an illustration of (d) above, European automobile tire manufacturing firms were quick to set up bonded warehouses in Piraeus in order to enable their Greek importers to purchase tires as they were needed rather than maintain large and costly (in view of high interest rates, prepayment requirements, duties, etc) inventories. On the other hand, it took 18 months to convince a large U.S. manufacturer that such a step was necessary. The decision finally came about following brief face to face conversations between the Greek importer and senior officials in the United States, and the importer was left with the impression that the delay and the loss of sales in the interim had come about simply because the company bureaucracy was too large and cumbersome to reach a decision on the matter within a reasonable length of time. In contrast, European firms and smaller U.S. manufacturers of many products often appear to be more able and willing to adapt their operations to local conditions. U.S. manufactured tires are preferred in Greece. There is no price competition with Western European tires, and it is generally believed here that tires manufactured in the United States are of a higher quality, even than those manufactured by the same U.S. firms abroad. Greek importers are nevertheless being urged by Akron to purchase from European or Canadian subsidiaries of the U.S. firms involved, in the former case because of certain insurance advantages, and in the other cases presumably because of lower production costs abroad. Both U.S. and European tires are marketed in competition with Japanese and Israeli made products which are being sold here at lower prices. Tires are subject to import quotas, and Greek importers are being pressured by the government to purchase tires from Egypt in order to utilize credits outstanding in Greece's favor in the Greek-Egyptian clearing account.

Politis (Imports thermoplastics and other plastic raw materials. Manufactures a variety of plastic products): My company, a manufacturing firm owned by U.S. investors and incorporated in the United States, must pay corporation taxes both in Greece and in the United States. My Greek competitors of course pay only Greek taxes, and moreover are not forced as I am to pay taxes on their re-invested capital.

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My status under the Immigration and Nationality Act is such that if I were to incorporate my firm here in Greece in order to avoid this, I could remain here for only 3 years without losing my status as a citizen of the United States. Our capital was imported before Greece's foreign investment law was passed in 1953, and as a consequence I have difficulty in repatriating capital and profits. I can purchase West German machinery for use in my plant with 10% down and the rest over a period of 2 years; U.S. manufacturers want 50% at the time the order is made and 50% upon delivery of the goods. I can get short term credit from U.S. suppliers for only 90 days, vs. 180 days from West German suppliers; as a consequence the U.S. share in the market for these goods has fallen from 90% to 60%.

Saracakis (Du Pont, General Motors, Chrysler, and American Motors, as well as Volvo, Renault, and Vauxhall): Freight on an automobile manufactured in the U.S. is 5 times that on one manufactured in France; Greece's high import duties, moreover, are computed on basis of cost plus freight. The Greek Government will license imports of bus chassis only from Greece's bilateral trading partners, or in recent instances against the export of Greek sultanas. I bought sultanas and sold them in the U.K. in order to be able to import bus chassis built there; the U.S. won't buy sultanas. People in the United States must realize that in order to sell abroad they must buy abroad. Greeks prefer U.S. products in many, many instances, and if Greece were able to increase her exports by a few million dollars each year all our problems would be solved.

3. Mr. Black was shown the material transmitted as enclosures to this despatch, and has asked that they be sent to him. If the Department perceives no objection it is suggested that they be transmitted to him as soon as possible. Six additional copies of the summary of the Embassy communications, and of the tables prepared to supplement and up-date the Department of Commerce publication "Foreign Trade of Greece 1957-58" are transmitted for distribution in the Department.

For the Ambassador:

Edwin D. Ledbetter
 Edwin D. Ledbetter

Second Secretary of Embassy

Enclosures:

6 copies of Program for COMEL Black
 6 copies of supplementary tables to
 "Foreign Trade of Greece 1957-58"

For transmission to Mr. Black,

Embdes 561, Dec 31, 1959; Embassy G-255, July 16, 1960

Foreign Trade of Greece 1957-58 with supplementary tables

Embdes 56, July 19, 1960; Embdes 547, Nov. 13, 1957; Embdes 649, Feb. 4, 1960

Embdes 607, Feb 9, 1960; USIS desp 57, April 25, 1960

Brief Summary of Attached Embassy Communications.

Approved:

Donald K. Palmer
 Donald K. Palmer

Second Secretary of Embassy

cc: USOM/G

AmComTen Thessaloniki

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