

## INVESTING FOR GROWTH –VISION AND STRATEGY

Ladies and Gentlemen

After many years of recession, labor market liberalization, opening of many closed product markets, selling state-owned assets, cutting public payrolls, reforming the tax code, strengthening tax enforcement and streamlining investment procedures, the Greek economy is entering a positive growth territory.

As is well known, Greece experienced the biggest fiscal consolidation in the industrialized world (17% of GDP), during the most severe financial crisis of its modern history, and today delivers positive primary budget balances.

There is evidence, however, that the economy is recovering:

1. Real GDP annual growth in the 3<sup>rd</sup> quarter of 2016 is 1.8% leading to the safe assumption that this year will end in a positive territory.
2. Gross fixed capital investment increased by 12.6 %.
3. Industrial production index shows an average annual growth rate of 3.2% for the last two quarters of 2016.
4. The turnover in industry is positive at (9.4% in September) and retail trade (2.4% in 3<sup>rd</sup> quarter 2016).
5. Exports of goods and services expanded by 10.2%, and Greece recorded a positive current account surplus for the first time since 1948.

6. In 2016 tourists arrivals increased by 1.5 million visitors, an all time record, while the two previous years the interest of investors in Greek hospitality infrastructure reached a peak of 140 investment projects.
  
7. FDI more than doubled (growth of 158%) annually during the Jan-Sept period increasing from 688 million euros to 1777 million euros.
  
8. A positive change in employment was recorded from the 1st quarter 2015 to the 2<sup>nd</sup> quarter 2016 increasing by 199.000 persons while the unemployment rate decreased correspondingly by 3,5 percentage points (from 26,6% to 23,1%).
  
9. The economic sentiment and business expectations indexes continue to improve after July 2015.
  
10. There has been a noticeable decline in the yield and spread on 10-year public bonds in the last two months. And,
  
11. Finally, the international lenders have agreed to a short-term debt relief of 22% of GDP or 45 billion euro, at fixed interest rates of 1.5%. Once the second progress review is completed, the country's participation in the ECB's quantitative easing program will follow.

Moreover, the successful banking recapitalization of 9.4 billion Euros, the steady implementation of structural reforms under the new ESM program and the progress in the exploitation of public assets are additional key parameters that show the economy exiting the spiral of economic downturn.

Additionally, according to the latest estimates by the European Commission Greek GDP will see a rebound of 2.7% in 2017.

Very crucial elements are the upgrade of the Greek systemic banks by Moody's and the continuous improvement of the economic climate since the end of 2015.

The government is gradually creating a fiscal space for the private sector, and is implementing policies stimulating investments and exports. The overall framework within which the Greek state and Greek enterprises have been functioning is being revisited and improved.

Non-performing loans are being legally settled for the mutual economic benefit of all, and further initiatives are to be expected soon concerning the framework and the regulation mechanism of NPL's.

A new Tax Law has been introduced establishing a simple, fair and stable tax system for strategic investments that will remain in place for many years to come encouraging investments.

Subject on the progress of fiscal consolidation, the government intends to reduce the tax burden for the private sector.

A strategic partnership between Greece and China has been articulated as Greece's major harbor Piraeus Port Authority SA was privatized, transforming Piraeus and Greece into the main Gateway to Europe for trade flows deriving from Asia and the Middle-East especially with the second Suez Canal.

Private - public agreements are being implemented and will be followed by the upgrading of the corresponding regulatory framework.

Additionally, the concession agreement signed between Greece and private partners over Greece's regional airports is expected to contribute to the augmentation of tourists coming from abroad.

Establishing Greece as a Hub for Energy constitutes a priority for our government. My colleague George Stathakis, Minister of Energy and the Environment will have a lot to say about this later.

### WHAT ARE GREECE'S STRATEGIC PRIORITIES?

The country's strategic priorities have been set very carefully, and these are:

- (A) Attract foreign direct investment (FDI)

The Greek government is committed to overturn the current economic climate by boosting investment and exports. In that respect, attracting FDI is a major policy objective.

Main pillars of the new strategy will be the acceleration of related bureaucratic processes, the establishment of a stable and predictable legal and institutional framework and the creation of a modern land-registry system,

which will clarify property issues without harming the country's natural and cultural environment.

- (B) Increase exports

Greece is the 63<sup>rd</sup> largest export economy in the world. According to the Hellenic Statistical Authority, during the last six (6) years Greek exports have increased from 18 billion Euro in 2009 to 26 billion Euro in 2015, marking a very sizeable increase.

The most recent exports are led by Refined Petroleum products representing 31.5% of total exports, followed by Packaged Medicaments, which account for 3.73%.

Food and beverage, construction and aluminum products, fruit and vegetables are also some of the products that have been leading Greek exports during the last few years.

- (C) Simplify the legal framework for investments:

New laws and procedures have been adopted to simplify the legal framework and enhance investments.

The Fast Track law provides an environment of transparency and security for the implementation of investments, as it serves as a tool for the acceleration of the implementation process of strategic investments, whether these involve investments from the private sector or public private investment partnerships.

The Fast Track procedure accelerates the licensing process through the shortening of deadlines by setting new and exclusive deadlines (with which the public administration must comply).

The Fast Track procedure is a unique procedure for the implementation of strategic investments.

Its focus is on large-scale projects that have positive multiplier effects on Greece's economy.

Finally, the Greek government continues its concentration on creating the most business and investor friendly environment possible responding to investor requests for a more streamlined and efficient infrastructure.

#### WHAT ARE THE COMPETITIVE ADVANTAGES

At a time when investors globally are looking at traditional European markets with political stability and more limited risk, Greece offers unique advantages, combining the advantages of a developed country, with the opportunities for growth usually associated with emerging economies.

Unarguably Greece presents unique investment propositions combining:

- Timeless competitive advantages, pertaining to its location at the crossroads of three continents - a natural Gateway to Europe, along with a wealth of natural resources, and
- Being a Developed Country, an active member of all key international institutions, an established democracy with rule of law, and a highly developed infrastructure.

These opportunities are supported by an exceptionally high-calibre labour force ensuring that the operations will be run at all levels by talented and gifted employees.

From technical skills to international experience, Greece offers high quality personnel, required in a global market at competitive cost as compared to other European countries.

Proof of Greece's exceptional human talent, is the achievement of the best score in Eastern Europe and according to the IMD World Talent Report 2015, on its availability of skilled labour and its multilingual skills.

Greece was ranked 2<sup>nd</sup> and 6<sup>th</sup> respectively. Greece scores also high in science. It ranks 3<sup>rd</sup> internationally, right after the United Kingdom and Germany with regards to the percentage of science-fields graduates.

### BUSINESS SECTORS

Investment opportunities for international investors are at the core of Greece's long-term strategy of economic growth. These opportunities are offered in different sectors of economic activity where competitive advantages have been identified. The opportunities are in the following sectors:

- **TOURISM:** Tourism is a central pillar of the Greek economy and by many analysts it is considered to be an "export champion" for Greece. I am certain

Minister Kountoura will explore with you all matters related to our winning industry.

REAL ESTATE: During the past few years and in order to promote its real estate market, Greece has launched a residence permit program for third country citizens who own real estate in the country, the minimum value of which is €250.000.

The permit is permanent and can be renewed every five (5) years on the condition that the interested party keeps ownership of the property.

- **FOOD AND BEVERAGES:** The sector offers investors a plethora of attractive opportunities. It is characterized by a privileged environment with low operating costs and abundant of high quality raw material.
- **ICT:** The ICT sector offers several opportunities of investment in high-end, value added services with a global reach. The IT sector in Greece consists of a group of hard working, highly qualified professionals with global experience and entrepreneurial talent.
- The strength of this sector is the “versatile minds” of its people. Investors can recruit top talent at a highly competitive cost. Public and EU funds are available for cooperation and development.
- Many Greek start-ups are competing successfully abroad and major international players have a strong presence in the Greek market.
- **LIFE SCIENCES:** Greece’s Life Sciences industry has been developing at a vigorous rate, with new start-ups and spin-off companies increasingly pursuing international R&D collaborations for the development of competitive, technology-based products and services.
- Essential to this dynamic growth is the Greek R&D infrastructure, which includes internationally renowned Research Institutes, research teams and University Research Groups.

- **PHARMACEUTICALS:** There are several Greek companies already competing successfully in the international pharmaceutical markets, with strong commitment towards R&D, innovation and marketing.
- **MEDICAL TOURISM:** Greece has the potential for competing in the “middle market” of medical tourism, which is considered a fast growing sector internationally.
- **LOGISTICS:** Greece stands on the crossroad of three continents (Europe, Asia, Africa), being a strategic node for the development of transportation in the greater region.
- According to a recent study, the Logistics sector in Greece accounts for almost 10% of Greece’s GDP strongly supporting economic activity in and throughout the country facilitating the country’s extroverted profile, by promoting its exports.
- **MARITIME TRANSPORT:** With maritime transport accounting by volume for 80 per cent of global trade, Greece’s geographic position as a gateway between East and West renders it highly attractive for investments in logistics and transport to take advantage of these increasing trade flows in an efficient and cost-effective manner.

**FUNDING TOOLS:** There are many funding tools available in co-funding and supporting companies to regain access to finance. My other colleague, Alexis Haritsis, the Alternate Minister of Economy and Development will discuss these in his talk.

### ENTERPRISE GREECE

The government established a one-stop-shop investment promotion agency to assist interested foreign investors, recently renamed Enterprise Greece.



It is the official agency of Greece, under the supervision of our Ministry to promote investments, exports, and make the country attractive as an international business partner.

In this framework, Enterprise Greece operates a 24/7 front office, answering in 24 hours all inquiries received by e-mail or phone calls.

The World Bank has ranked the quality of services of this organization's front office as the 3rd in the world, among all Investment Promotion Agencies.

Since 2009, to enhance its services to the customers (Greek, foreign investors and businessmen), Enterprise Greece started to compile a projects portfolio, which currently consists of many, many projects in both the public and private sectors.

Projects in the public sector mainly include privatizations and tenders for concession agreements in sectors like infrastructure, tourism, real estate, energy, etc.

The projects in the private sector include investment opportunities in all sector of the Greek economy.

In closing, let me say that it is now more necessary than ever to receive the support of all the national forces willing to contribute to the country's success especially during these uncertain times currently facing Europe and the modern world.

I am, therefore, counting on the investment community whether in Greece or abroad, and particularly on Greek-American investors with historically strong solidarity ties with your country of origin to seriously explore the opportunities currently available and invest in your homeland.