

“

It is certain that foreign direct investment (FDI) will play a crucial role in the recovery of the Greek economy from the recession caused by the COVID-19 pandemic. At the same time, it looks like the pandemic and the new trends it set in motion – or accelerated – will play a major part in shaping investment decisions at a global and a European level.

The 2021 edition of EY Attractiveness Survey Greece, tracks these trends, focusing on how they affect Greece’s attractiveness as an investment destination, as well as the future of FDI in the country.



Panos Papazoglou
Country Managing Partner
EY in Greece

Executive summary

In 2020, Greece recorded a significant leap in attracting foreign direct investment. Based on data from the EY European Investment Monitor (EIM), an extensive database processed by EY, which monitors greenfield investments (projects that create new facilities and new jobs), Greece attracted 39 FDI projects, compared to 22 in 2019 and an average of 11 per year in the previous 20-year period (2000-2019). This year’s performance represents 0.70% of total FDI in Europe, compared to an average of 0.28% over the previous 20 years, ranking Greece 23rd this year, among the 51 countries in the EIM database.

23rd ↑

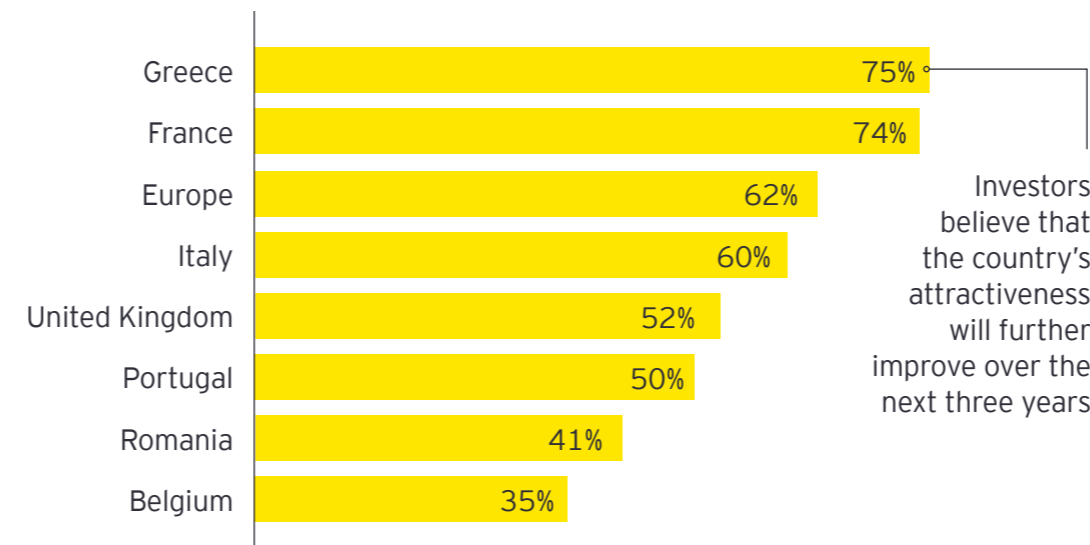
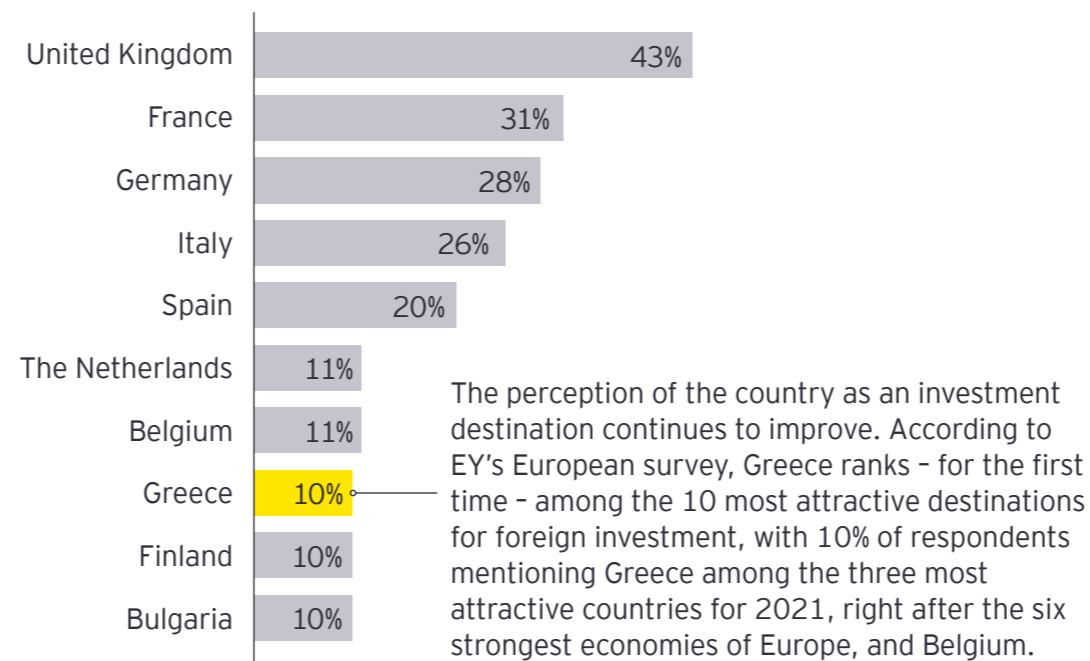
in terms of FDI projects attracted (2020)

up from 29th in 2019

The breakdown of investments by type of activity is also encouraging, as the participation of low value-added activities, such as sales and marketing, has declined, while investments in research and development centers have increased and the share of investments in manufacturing remains high. Moreover, in another extremely positive development, the dynamic software and IT services industry is now in second place in terms of number of FDI projects.



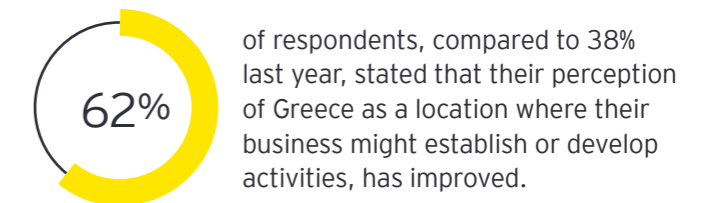
Greece among the most attractive investment destinations in Europe



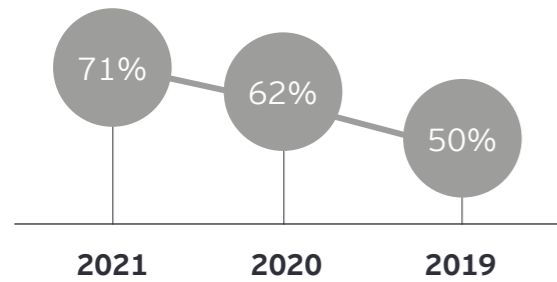
Optimism for the future and increased improvement prospects

EY’s survey for Greece, based on a sample of 253 companies worldwide, confirms the improvement of the country’s perceived attractiveness. It is worth noting that the improvement comes, for the first time, to a large extent, from companies that have not yet invested in the country and, to a lesser extent, from those already established in Greece.

62% of the sample’s executives, compared to 38% last year, stated that their perception of Greece as a location where their business might establish or develop activities, has improved over the past year, while not a single company surveyed reports that its perception has deteriorated significantly. At the same time, optimism for the coming years is intensifying, with three out of four respondents (75%), compared to 69% last year, expecting the country’s attractiveness to further improve over the next three years.



Respondents believe that the country currently implements an attractiveness policy that attracts international investors



The share of those who believe that Greece is currently implementing an attractiveness policy that attracts global investors has increased, for the second consecutive year, to 71%, from 62% in 2020 and 50% in 2019, indicating that investors attribute the improvement of the country's attractiveness to the pursuit of specific policies and not simply to the end of a protracted period of economic and political uncertainty, as was likely the case in 2019.

Investment stability, despite the challenges

7 out of 10 companies state that they will proceed with their investment plans in Greece (61%) or will increase them (9%). At the same time, 57% of companies



report that Greece's response to the COVID-19 crisis has positively affected their view of the country's attractiveness.



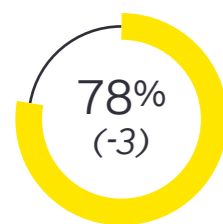
The improved perception of Greece positively affects the intention to invest in the country, with one in three respondents (34%) stating that their company has plans to establish or expand activities in Greece over the next year - a six-point increase compared to last year (28%). Despite this significant improvement, it is also clear that international competition is rising considerably, as other European countries participating in the survey record even higher percentages.



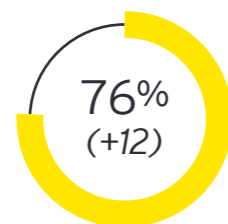
Greece's comparative advantages and areas of improvement, through the eyes of investors

Quality of life, the transport, logistics and telecommunications infrastructure, as well as the local labor skills level, stand out as strong elements of the country's attractiveness. Out of a total of 17 attractiveness criteria that were included in both

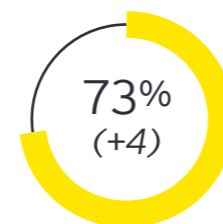
the current and last year's surveys, the percentage of positive views has increased in 15. Areas of improvement include corporate taxation, the flexibility of labor legislation and the geopolitical position of Greece.



Quality of life



Transport and logistics infrastructure

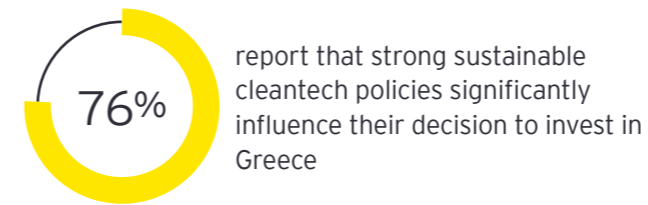


Telecommunications / digital infrastructure

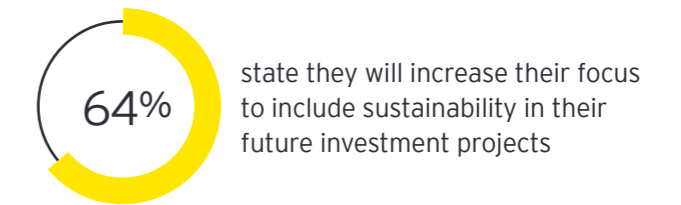


Local labor skills level

The survey also highlights the impact of the global shift toward sustainability on investment decisions, with three out of four companies (76%) reporting that strong sustainable cleantech policies significantly



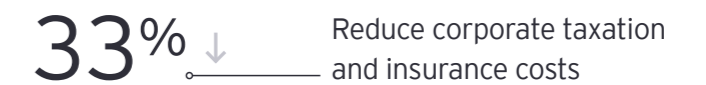
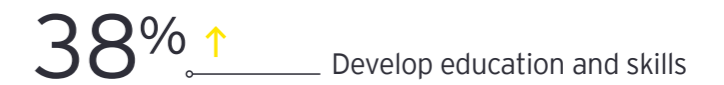
influence their decision to invest in Greece, and 64% stating that they will increase their focus to include sustainability in their future investment projects.



Investors' views on Greece's performance regarding technology-related factors, vary. The availability of a workforce with technology skills (76%) and the support by government bodies and regulatory authorities to drive the digital agenda (75%) are positively evaluated. The protection of intellectual property rights (45%) and the rate of 5G rollout (43%) receive lower ratings.

When asked to identify the top three priorities for Greece to maintain its competitive position in the global economy, the investors who participated in the survey cited developing education and skills (38%),

supporting high-tech industries and innovation (33%), and reducing corporate taxation and insurance costs (33%).



Finally, 86% of investors, compared to 67% a year ago, said they would be more willing to invest in the country if Greece addresses the above issues.

