

# Greek Economy Overview



## *Introduction*

Greece has entered a new era of growth and innovation, with a strategy for sustainable development through green and digital transformation of the economy. The Greek economy is diversifying, expanding into new sectors, and attracting foreign direct investment in a growing range of fields.

Located at the crossroads of three continents, Greece's geostrategic location, communications and transportation infrastructure, and high-quality human capital make the country a natural hub for a wide range of business operations. With the largest container port in the Mediterranean, international road, rail and air connections, logistics services, and developing energy and digital facilities, Greece is a bridge between Europe and the wider region.

Political stability, healthy macroeconomics and a business-friendly environment further bolster Greece's position as one of the most attractive investment destinations in Europe.

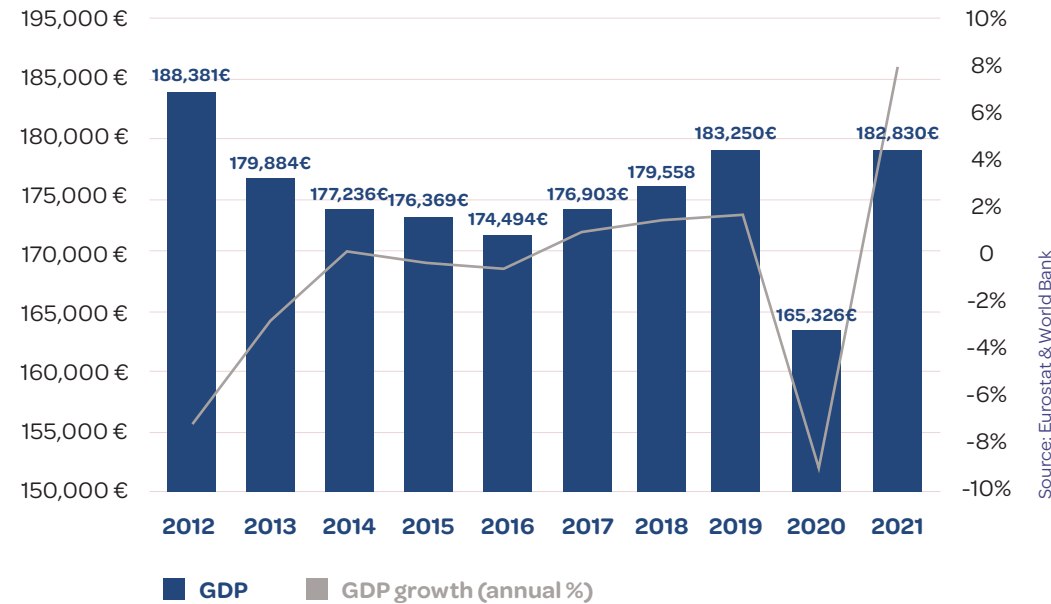


# Economic Overview

Prior to the COVID pandemic, Greece had entered a phase of significant growth, with GDP rising steadily several years in a row. In spite of the economic contraction that COVID caused globally in 2020, Greece's economy showed remarkable resilience. The country achieved a robust recovery in 2021, with soaring foreign direct investment and growth of 8.3%.

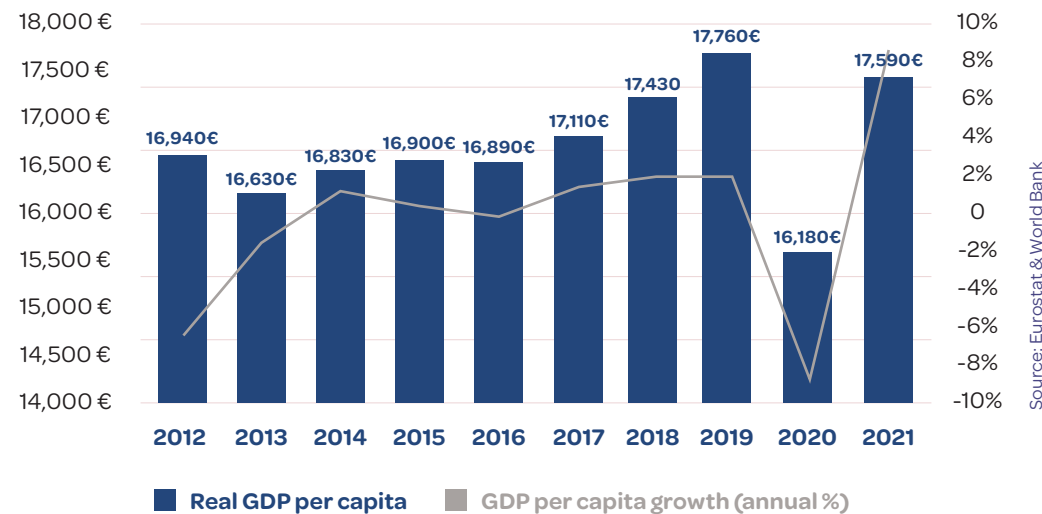
Projections for 2022 have been revised upwards, based on rising investment and consumer spending, with projected growth of 3-4%, one of the fastest growth rates in Europe. Foreign direct investment for the first half of 2022 stood at €4.3 billion, according to the Bank of Greece, compared with €2.7 billion for the same period in the previous year.

GDP current prices (in million euros) & annual % GDP growth



Source: Eurostat & World Bank

GDP per capita real prices & annual % GDP per capita growth



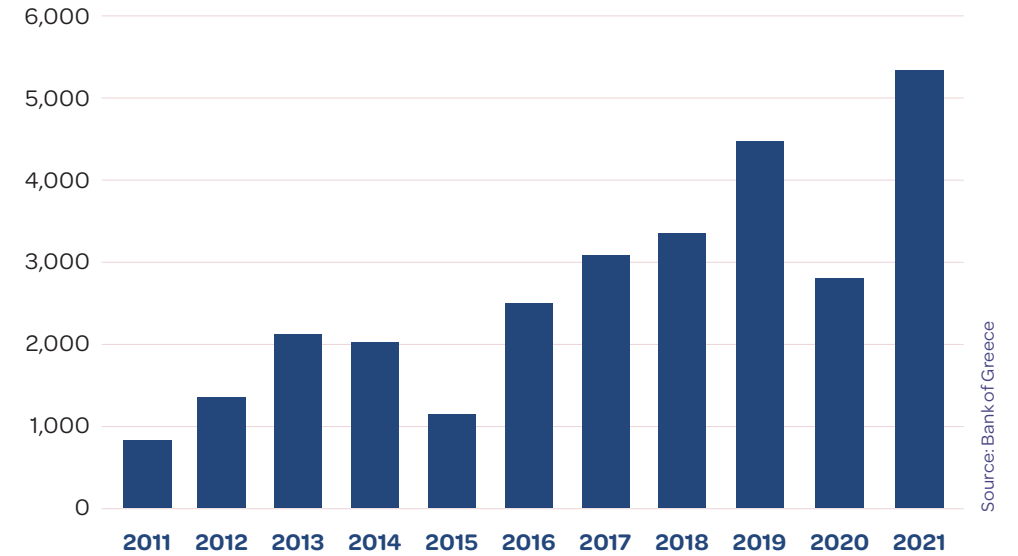
Source: Eurostat & World Bank

## Economic Overview

The pandemic served as a catalyst for the rapid roll-out of the e-government program to provide online public services. Greece now boasts more than 1,000 online government services available to the public and businesses, something which will have lasting positive effect on the economy. The pandemic likewise helped stimulate e-commerce in Greece, spurred businesses to upgrade and expand their online presence, and paved the way for the digital transformation of the country.

It is expected that the implementation of Greece 2.0 – part of the EU Recovery and Resilience Fund – will significantly contribute to the further strengthening and diversification of the Greek economy. Greece 2.0 will mobilize a total of €60 billion in investments over the next five years, backed by €31 billion in European Union funding. Investments are focused on the green and digital transformation of the economy, and the plan includes provisions for upgrading research facilities and upskilling the country's human capital.

### FDI inflows to Greece 2011-2021



### Greece 2.0: Key Investments and Reforms





## Trade

Greek exports have grown strongly in the past decade to record highs and are an important driver of the economy. The recent performance of Greek exports is also drawing foreign investment in manufacturing, mergers & acquisitions, and logistics.

Despite the global contraction in 2020, certain Greek export sectors, notably F&B and manufactured goods, still achieved gains. When trade flows resumed in 2021, Greek exports recovered to almost €40 billion, a new record, and sharply above pre-COVID levels.

### Exports, by main product categories according to SITC, volume in billion euros

	2018	2019	2020	2021
<b>Primary goods</b>	<b>18.90</b>	<b>18.14</b>	<b>14.69</b>	<b>20.71</b>
Food, drinks and tobacco	5.34	5.57	6.12	6.82
Raw materials	2.08	1.90	1.84	2.63
Energy products	11.48	10.67	6.73	11.26
<b>Manufactured goods</b>	<b>14.01</b>	<b>15.20</b>	<b>15.65</b>	<b>18.68</b>
Chemicals	3.49	4.11	5.05	5.65
Machinery and transport equipment	2.93	3.18	3.27	3.86
Other manufactured goods	7.59	7.91	7.33	9.16
<b>Products, not elsewhere classified</b>	<b>0.56</b>	<b>0.54</b>	<b>0.46</b>	<b>0.54</b>
<b>Total</b>	<b>33.47</b>	<b>33.87</b>	<b>30.80</b>	<b>39.93</b>

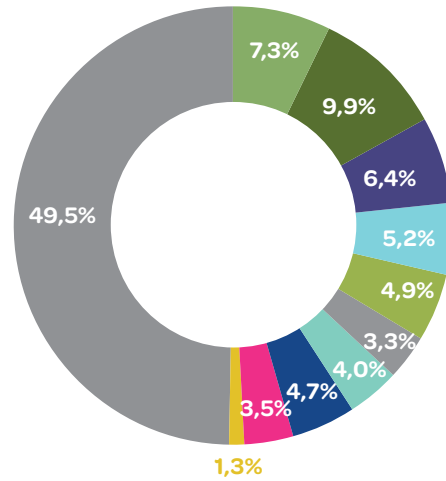
Greece exports a little more than half of its goods to partners in the EU, with Italy the largest importer from Greece. Significant trading partners outside the EU are Turkey, the US, the UK, and countries in Asia and the Middle East.

## Trade

In 2021, the top 5 countries from which Greece imported goods were Germany (11.1%), Italy (8.7%), China (7.8%), Russia (6.7%), and the Netherlands (5.7%). With the ongoing war in Ukraine and the continued enforcement of trade sanctions on Russia, imports from Russia are expected to decrease.



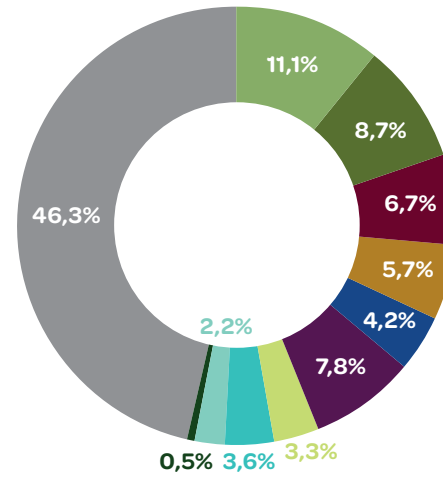
### Exports by partner country



Source: Hellenic Statistical Authority

- Germany
- Italy
- Cyprus
- Turkey
- Bulgaria
- Other countries
- UK
- US
- France
- Romania
- Gibraltar

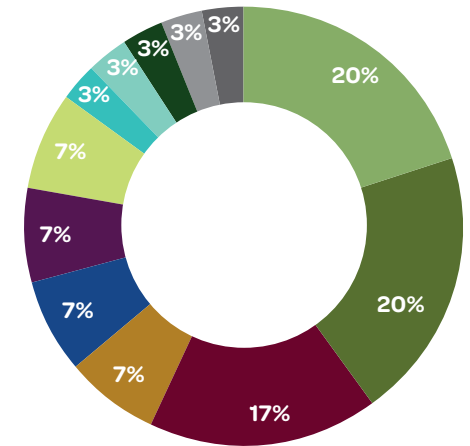
### Imports by partner country



Source: Hellenic Statistical Authority

- Germany
- Italy
- Russia
- Netherlands
- France
- China
- Belgium
- Spain
- US
- South Korea
- Other countries

### Investments per sector 2021



Source: EY Attractiveness Survey

- Agri-food
- Transportation & Logistics
- Digital Technology
- Business Services
- Machinery
- Provision of common services, Utilities
- Oil & gas
- Transport Equipment
- Financial Services
- Consumer Products
- Electronics
- Telecommunications

# Strong economic fundamentals

The robust rebound of the Greek economy, with projected growth rates among the highest in the EU, is a reflection of the far-reaching reforms Greece has undertaken over the last 10 years. Greece is moving forward by leveraging its natural advantages to diversify its economy for long-term, inclusive and sustainable prosperity.

Greece's Recovery and Resilience Program – known as Greece 2.0 – was among the first national recovery plans approved by the European Commission and has been praised for its completeness and thoroughness.

The core concept of Greece 2.0 is to transform the economy with particular emphasis on the digital and green transition. The goal is to diversify economic activity, improve competitiveness and build on traditional sectors in a manner that ensures sustainable, long-term development. The plan will funnel €32 billion into the Greek economy, boost GDP by 7% and create 180,000 new jobs by 2026.

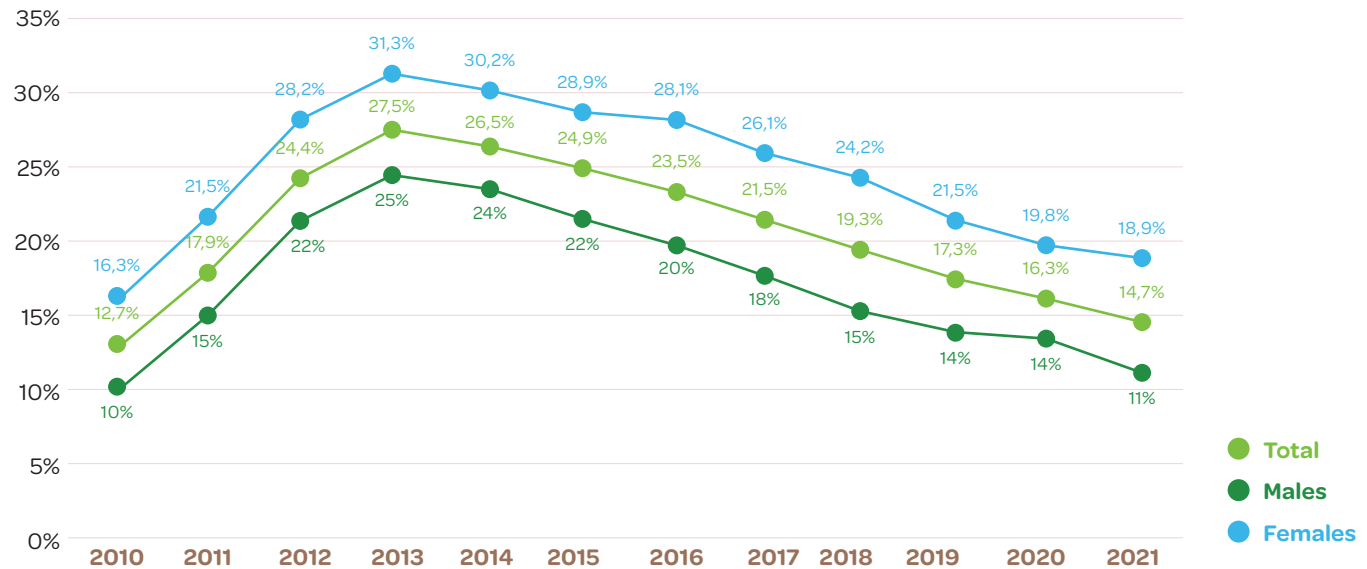
*Selected key economic indicators 2010-2021 (Domestic economy)*

Year	Total domestic demand (contribution)	Private consumption	Public consumption	Gross fixed capital formation	Exports of goods & services	Imports of goods & services	CPI (annual average)	HICP (annual average)
2010	-7.2%	-6.5%	-4.2%	-19.3%	4.9%	-3.4%	4.7%	4.7%
2011	-12.9%	-8.7%	-7.0%	-25.4%	0.6%	-9.6%	3.3%	3.1%
2012	-9.1%	-7.6%	-4.9%	-21.7%	2.0%	-5.5%	1.5%	1.0%
2013	-4.1%	-3.4%	-6.4%	-6.6%	1.8%	-3.5%	-0.9%	-0.9%
2014	0.2%	-0.1%	-1.2%	-3.2%	8.2%	6.7%	-1.3%	-1.4%
2015	0.8%	-0.3%	2.7%	0.2%	5.0%	7.9%	-1.7%	-1.1%
2016	0.4%	-0.6%	-0.1%	2.3%	-0.4%	2.2%	-0.8%	0.0%
2017	0.8%	2.5%	-1.1%	8.5%	8.5%	7.4%	1.1%	1.1%
2018	1.4%	1.7%	-3.5%	-4.3%	9.1%	8.1%	0.6%	0.8%
2019	1.1%	1.8%	1.7%	-3.3%	4.9%	3.1%	0.3%	0.5%
2020	-3.5%	-7.9%	2.6%	-0.3%	-21.5%	-7.6%	-1.2%	-1.3%
2021	7.6%	7.8%	3.7%	19.6%	21.9%	16.1%	1.2%	0.6%

International markets have reacted positively and have driven Greek government bond yields to their lowest levels in a decade, while international credit rating agencies have been steadily raising their ratings on Greece.

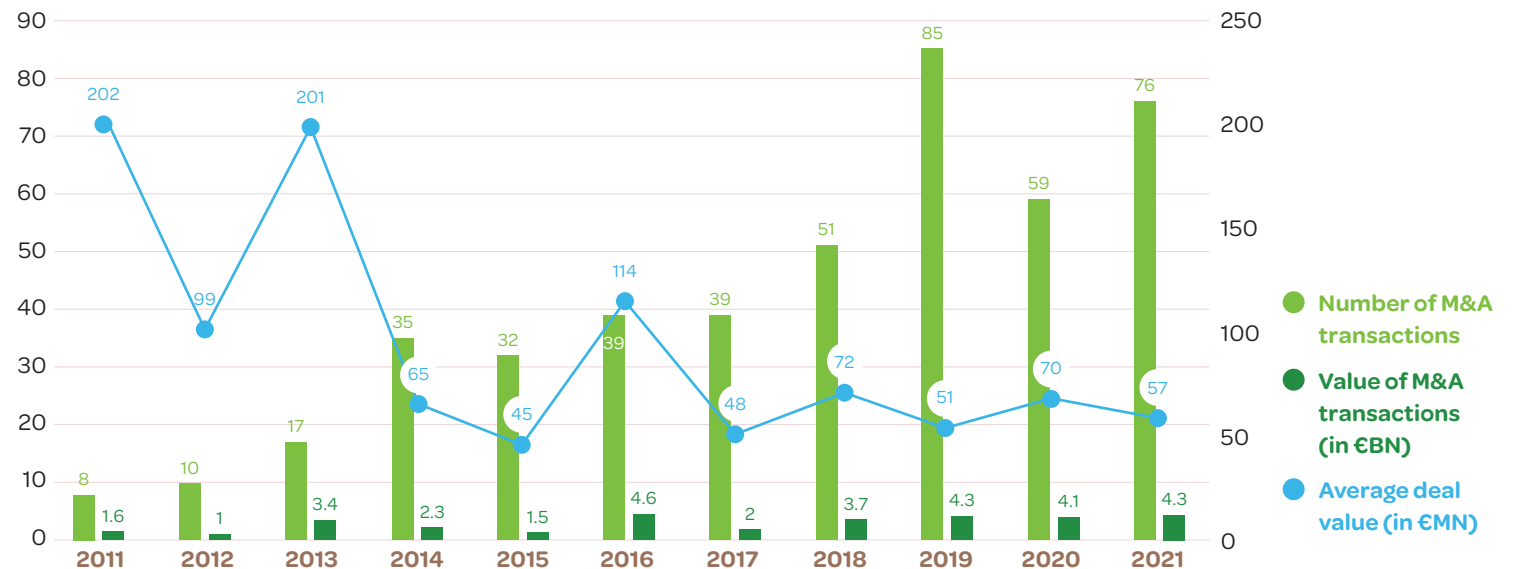
In addition to public sector transfers, Greek companies attracted total capital of €12 billion in 2021. Additionally, €4.2 billion of corporate bonds were issued by Greek companies.

### Unemployment rate (%) for total population, males – females (2010-2021)



Source: Hellenic Statistical Authority

### M&A transactions



Source: PwC





## *Sustainable Development*

Green and sustainable development is a strategic priority for Greece, and innovation and new technologies are central to that strategy.

The rising importance of environmental, social and governance criteria (ESG) in investment decision making, coupled with growing consumer awareness worldwide, is driving shifts in established industries like hospitality, agri-food, and shipping towards cleaner and greener business models. Innovative tech solutions are reshaping the traditional powerhouses of the Greek economy for the realities of tomorrow.

Greece ranked

# 23<sup>rd</sup>

in Ecological Sustainability in the Global Innovation Index, out of 132 countries.

Source: Cornell University, INSEAD, and the World Intellectual Property Organization

Greece ranked

# 21<sup>st</sup>

in EY's Renewable Energy Country Attractiveness Index (RECAI), out of 40 countries.

Source: EY

Greece ranked

# 32<sup>nd</sup>

in SDG Index Score, out of 192 countries.

Source: Sustainable Development Report 2022

In 2022 Greece ranked

# 24<sup>th</sup>

in the Climate Change Performance Index (CCPI), out of 60 countries,

up from

# 34<sup>th</sup>

of 57 countries in 2021.

## Highly Educated Workforce

Greece's human capital is a key asset for the country and an essential component of the country's dynamic growth. Greeks are well-educated, with the 4th highest enrollment in tertiary education among OECD countries.

Foreign language skills are widespread and the percentage of STEM graduates in Greece is above the OECD average. This is helping to drive growth in several areas: in pharmaceuticals & life sciences, in R&D, and in the country's rapidly maturing startup ecosystem.

In Greece,

# 32,7%

of the total population between 25 and 64 years old in 2020 had completed tertiary education.

Source: EY Attractiveness Survey 2022

High Enrollment in STEM and Business Studies: In 2019, approximately

- 87,000 students were enrolled in BSc programs,
- 22,000 in MSc programs and
- 8,000 were pursuing PhDs in fields related to engineering, computer science and business studies.

Source: Hellenic Statistics Authority



Greece ranked

# 43<sup>rd</sup>

in Global Talent Competitiveness Index 2021, out of 134 countries.

Source: Institut Européen d'Administration des Affaires (INSEAD)

Greece ranks in

# 16<sup>th</sup>

place (out of 132 countries) in the Human Capital & Research category of the Global Innovation Index for 2021, backed by the high enrollment in tertiary education and high percentage of STEM graduates (~23%).

Greece ranked

# 19

out of 112 countries at the English Proficiency Index in 2021.

Source: EF English Proficiency Index

# Strong Investor Confidence

Greece has emerged as an attractive and secure investment destination in Southeast Europe.

The country has drawn record foreign investment, particularly in the areas of innovation, technology, real estate and hospitality. Over the last two years, Greece has also welcomed a number of flagship investments from major multinationals in each of these areas.

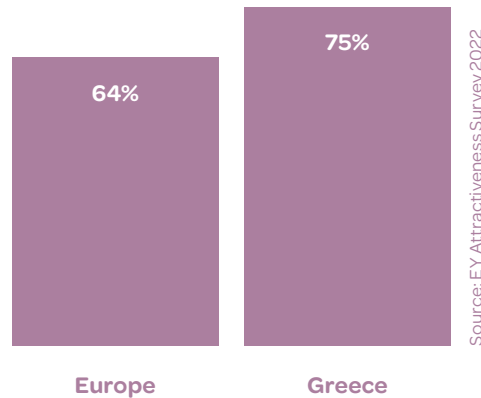
The recent foreign investment activity shows that Greece offers a unique investment proposition, combining the advantages of a developed country, with the opportunities for growth usually associated with emerging economies.

# 2<sup>nd</sup>

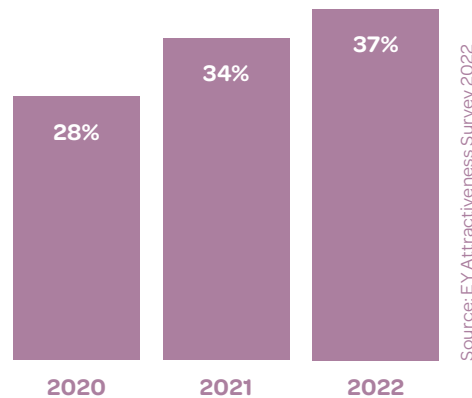
best FDI performance in 2021, since 2000

Source: EY Attractiveness Survey 2022

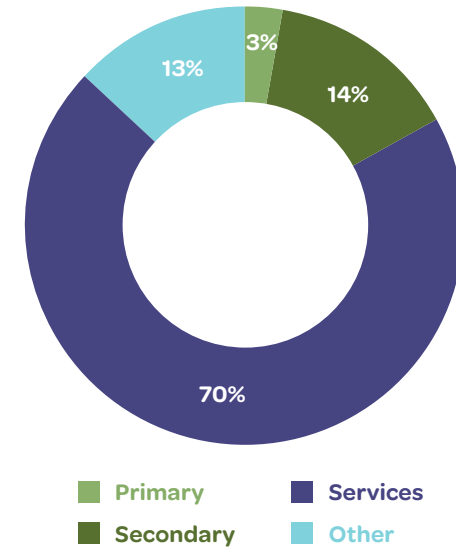
## Belief that the attractiveness of the country will improve over the next years



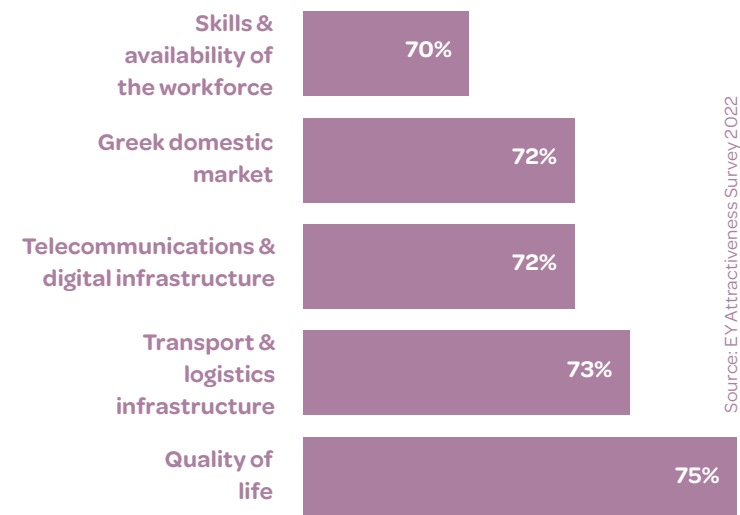
## Plans to establish or expand operation in Greece



## Net FDI inflows per sector of economic activity during the period 2011-2021



## Specific aspects of the country's attractiveness

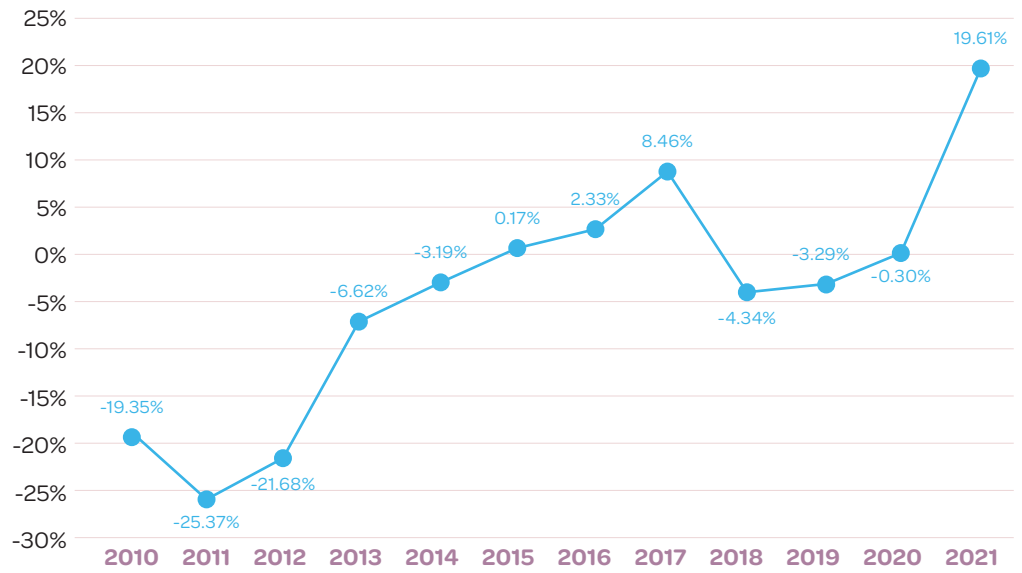




## Strong investor confidence

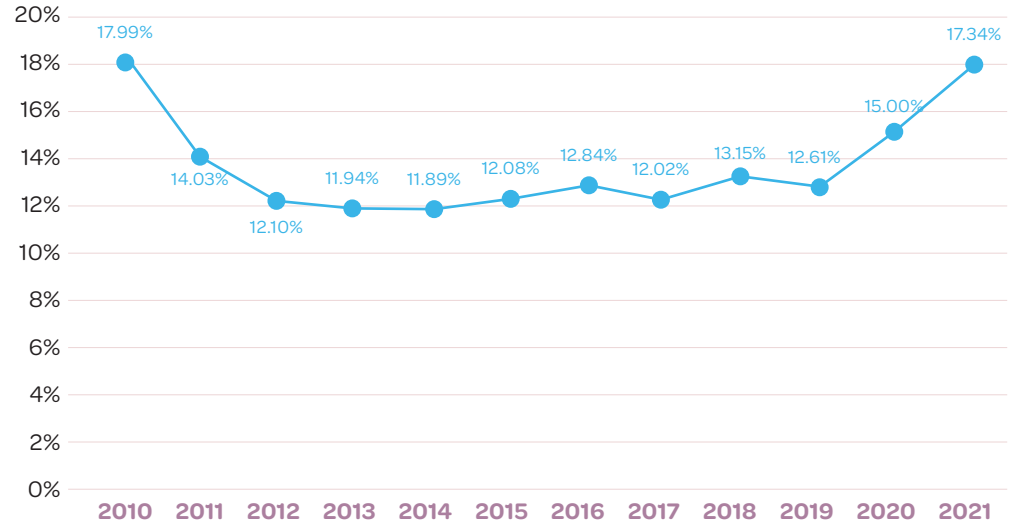
According to the EY Attractiveness Survey 2022, 37% of companies participating in the survey plan to establish or expand operations in Greece during the next year. The respective percentage for 2021 was 34% and 28% in 2020.

### Gross fixed capital formation (annual % growth)



Source: World Bank

### Gross fixed capital formation (% of GDP)



Source: World Bank

# Investment opportunities

Over the last ten years, Greece has undergone a profound economic transformation, reorienting itself to global markets, attracting rising foreign investment, and achieving record export growth.

Extensive reforms and a coordinated strategy to create a business-friendly environment have resulted in a range of incentives and advantages for investors.



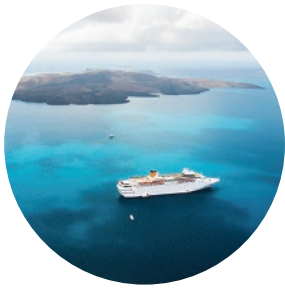
- The Fast Track for strategic investments provides a number of advantages for qualifying investments, including grants, fast-track licensing procedures, special spatial planning initiatives, tax exemptions, and R&D subsidies.
- A one-stop shop – Enterprise Greece – for all aspects of investor support and consulting, including the Fast Track program.
- The development law, which is the country's main investment tool, gives investors access to generous incentives, including cash grants, leasing subsidies, labor cost subsidies, and tax breaks, which can reach up to 70% of the investment cost, depending on relevant geographic zones.
- Incentives for specific high-priority activities, for example R&D business activities, with companies investing in research and development receiving an additional tax deduction. Specifically, R&D expenses are deducted at the time of their realization from legal entities' gross income, incremented by 100%.

- A competitive corporate tax rate of 22%.
- Modern labor law, which provides for greater flexibility and efficiency in the labor market.
- Special tax status for individuals with tax residence in Greece and incentives to set up family offices in the country.

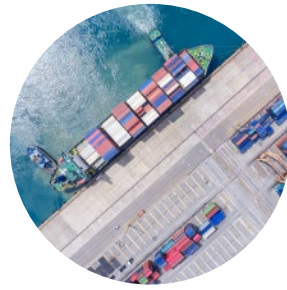


In addition, Greece's geostrategic location at the crossroads of three continents makes it a natural gateway to Europe for Asia and Africa and, with its well-developed infrastructure, the country is already an economic, logistics and energy hub for Southeast Europe. And thanks to its rich cultural history, Mediterranean cuisine and extraordinary natural beauty, Greece remains one of the world's most popular destinations.

These many advantages manifest themselves in a variety of investment opportunities in a diverse range of sectors.



**Tourism & Hospitality services**



**Logistics & Transport**



**Retail trade**



**Food services**



**Real estate**



**Energy & RES**



**Business services**



**Audiovisual**



**Financial services**



**Pharmaceuticals & Biotechnology**



**Agriculture**



**ICT**



**Manufacturing**



**Shipping**



**Mining**



**Construction**

