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 ENTERPRISE GREECE
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NEWSLETTER



EDITORIAL

Our View: Reform Formula



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Five years ago, Greece reached the milestone of shedding financial oversight by the EU. Since then, the Greek economy has flourished, the market has rallied, and the country has regained coveted investment grade status.

The winning formula for this success has been reform and fiscal discipline. And it remains the formula for Greece's future prosperity.

This month, Prime Minister Kyriakos Mitsotakis outlined his "multidimensional modernization" program for the country – the next step in an ongoing reform program aimed at strengthening the economy and improving public services. Concurrently, Greece gained two credit rating upgrades, while reporting one of the fastest growth rates in the Eurozone.

Greece's modernization program has been a success and investors are paying attention: the Greek stock market is up by more than a third this year. That too marks one of best performances in Europe.

Greece is staying the course with its winning formula of structural reform and fiscal discipline.

Greek government to press ahead with economic, legal and judicial reforms

Multidimensional **MODERNIZATION**

Enhancing competition among credit institutions

Imposing new levies on short-term rental operators

Reducing tax evasion through the use of technology

Reforms to criminal code, sentencing guidelines

Speeding up the administration of justice

Updating labor, social security laws

Increasing transparency in local government

The Greek government will press ahead with a series of economic, legal and judicial reforms designed to improve the operations of the state in areas ranging from tax administration to the administration of justice.

Speaking at the Thessaloniki International Fair earlier this month, Prime Minister Kyriakos Mitsotakis outlined an ambitious and wide-ranging four-year program of reforms: a “multidimensional modernization” that the government pledged to adopt after its recent re-election. The program lays out a series of targeted initiatives that include new financial tools and the use of technology to combat tax evasion, but also changes to labor laws and the judicial system.

“I will describe today this multidimensional modernization that I have already talked about in Parliament, but focusing on three areas: the economy, law and justice,” Mr. Mitsotakis said in his annual address at the Fair. The goal, he added, is a Greek “state that will serve in providing a better everyday life” for citizens and businesses alike.

Among the economic and fiscal reforms, the government promised to widen the tax base, cracking down on tax evasion by harnessing technology to ensure greater transparency in commercial transactions and payments. Other reforms include opening the Greek credit market to non-bank competitors and imposing new levies on certain categories of short-term rental operators.

The government program also includes a plan to upgrade the national health system, and introduces reforms to make part-time work easier, promote renewable energy, and introduce greater transparency at the local government level. Mr. Mitsotakis also proposed tougher sentencing guidelines for certain criminal violations and steps to speed up procedures in Greece’s slow-moving courts, bringing them in line with European standards by 2027.

Greek Food & Beverage products buoy exports amid strong overseas demand

€15.5 billion

Greek F&B industry average annual turnover

1,250

number of companies in the Greek F&B sector

€5.9 billion

The value of F&B exports in 2022

Exports by sector (amounts in € million)	January-July 2022/2023		
	Jan-Jul 23*	Jan-Jul 22*	%Change 23/22
Petroleum products	8.990,9	11.007,3	-18,3%
Industrial goods	4.500,9	4.896,8	-8,1%
Food	4.499,5	4.056,4	10,9%
Chemicals	3.757,6	3.644,7	3,1%
Machinery/Transport	3.036,4	2.734,3	11,1%
Misc. Industrial	2.124,2	2.021,1	5,1%
Fats & oils	1.068,6	495,2	115,8%
Raw Materials	987,4	1.104,3	-10,6%
Beverages & Tobacco	789,6	625,4	26,2%
Not categorized	355,2	425,3	-16,5%
Total excluding petroleum products	21.119,4	20.003,5	5,6%
Total	30.110,3	31.010,8	-2,9%

Greek food and beverage exports continue to grow despite slowing world trade, underscoring the continued demand for quality Greek food products and consumer preference for the heart-healthy Mediterranean diet.

After almost a decade of double digit growth, Greece's export boom looks to slow this year with many of the country's main markets close to or entering recession. But the latest data from the Hellenic Statistical Authority shows Greek F&B exports continuing to explode on world markets – in some cases more than doubling in the first seven months of the year.

Among them: olive oil exports, which are up more than 100% in value terms to around €1 billion so far this year; and exports of fresh fruits, which have already surpassed €600 million in value and which represent an increase of more than 20% on last year's record. Indeed, the latest data suggest that Greek F&B exports overall are on track to surpass the €5.9 billion record set in 2022.

And at next month's Anuga food exhibition in Germany – one of Europe's leading F&B trade fairs – a record number of Greek companies are expected to take part, further confirming the growing presence of Greek food products on world markets.

"The increase in food exports is boosting overall exports," says Union of Hellenic Chambers of Commerce President Ioannis Masoutis. "Government initiatives to enhance the extroversion of businesses must continue."

News in Brief



Investment Grade

Canadian ratings agency DBRS Morningstar raised its credit rating for Greece by one notch to BBBL from BBBH with a stable outlook, returning the country to investment grade status. The move, which follows similar upgrades in August, is the first by one of the four key ratings agencies recognized by the European Central Bank. Moody's Investor Services also raised its credit rating for Greece two notches to Ba1 from Ba3 with a positive outlook, while further upgrades are foreseen in the weeks ahead. Next month, Standard & Poor's is scheduled to issue its regular review of Greece on Oct. 20, followed by Fitch on Dec. 1.

Greek GDP

Greece's economy grew by a better-than-expected 2.7% year-on-year rate in the second quarter – and by 1.3% on a quarter-on-quarter basis – according to the Hellenic Statistical Authority. The data exceeded market expectations of 2.1% and 0.7% growth respectively. The figures confirm that Greece is on track for full year growth of 2.4%, one of the fastest growth rates in the Eurozone and in-line with official forecasts.

Road Privatization

Greece's privatization agency has named Greek construction company GEK Terna as the preferred bidder for the 25-year concession to operate the Athens Motorway, or Attiki Odos, after the company offered €3.27 billion for the concession, beating out five other bids. The 70-km suburban ring road that arcs across the northern and western suburbs of Athens is regarded one of Greece's most successful infrastructure projects in recent years.

Renewable Energy

Power produced from clean energy sources set a new record in September, according to Greece's national grid operator, when renewable energy sources covered up to 140% of demand, with the surplus channeled into exports. On Sept. 10, for 10 consecutive hours, electricity production from RES more than covered total demand while electricity produced from lignite fell to zero.

Three Seas Initiative

Greece will become the 13th member of the Three Seas Initiative, an international forum of European Union member states in Central and Eastern Europe between the Baltic, Black and Adriatic Seas. The Three Seas Initiative seeks to foster economic cooperation among its members and boost their economic development, with a particular emphasis on energy security, transport and digital infrastructure.

Property Prices

Home prices rose 13.9% year-on-year in the second quarter, according to Bank of Greece data, reflecting the continuing high demand for residential real estate and a tightening of supply. On a quarter-on-quarter basis, prices were up 2.5% in the April to June quarter.

Athens Property

Demand for luxury properties along the Athens Riviera and in the city center surged in the first half of the year, reflecting growing interest in the Greek capital by well-heeled international buyers. According to a report by Sotheby's International Realty, the Athens Riviera saw a 25.8% increase in demand, making it the second most popular luxury market in Greece after Corfu, and ahead of the island of Mykonos. Demand for luxury properties in the center of Athens also jumped, rising more than 70% in the first six months of the year.

Retirement Destination

Greece was ranked one of the world's ten best retirement destinations, according to the survey by US News & World Report. The survey of 87 countries ranked destinations based

on factors like cost of living, economic stability, safety and public services. Greece was ranked ninth, ahead of major economies like Japan and the U.S.

Greece in numbers

	Time period	Value in million € 2023	Value in million € 2022
FDI	January-July	2,593.8	4,541.9
Exports	January-July	30,110.2	31,028.2

Greek banks poised for rapid recovery, new role in financing growth

Athens Banks Index

at start of
2023

576
points

Now

948
points

Source: Enterprise Greece, Capital.gr

Greece's four major lenders – National Bank of Greece, Eurobank, Piraeus Bank and Alpha Bank – have entered a new era with strengthened balance sheets and a favorable business environment that will position them to help finance the country's future economic growth.

In the past year, strong profits, sharply reduced bad loans, and a helpful interest rate spread have put a new spotlight on Greek banks. The four lenders could soon resume paying dividends after more than a decade, and are on track to exit the special government support program that represents the last vestiges of the country's sovereign debt crisis.

Earlier this month, DBRS Morningstar, one of the four rating agencies the European Central Bank recognizes in its Eurosystem operations, returned Greece to investment grade status. This means that Greek banks will now be able to better leverage Greek bonds as collateral with the ECB for refinancing operations. While, also this month, ratings agencies Moody's and Fitch both upgraded Greece's four systemic banks, reflecting their improved operating environment.

Investors have noticed: investment banks JP Morgan, HSBC and Morgan Stanley all have an overweight stance on Greek bank stocks. And since the start of the year, the Athens stock exchange banks index is up 65%, helping to support a broader market rally in Greek equities.

CONTACT US

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