



ENTERPRISE GREECE
INVEST & TRADE



NEWSLETTER
APRIL 19

**RE-ENGAGING
THE BALKANS**

**STRATEGIC
INVESTMENTS**

**FOCUS ON
CRETE**

Greek Enterprises Expand in Southeast Europe



Greek businesses and exporters are re-engaging in the fast growing countries of Southeast Europe – a region where Greek enterprises have traditionally played a commanding role – as Greece emerges from its recent crisis and amid a new era in bilateral relations with its northern neighbor.

In the past several months, Greek companies have won construction tenders in Slovenia, are preparing to build new natural gas pipelines, have won a gas supply contract to Bulgaria, and boosted their export readiness to the Balkans.

In February, Enterprise Greece helped organize a workshop and more than 200 business-to-business meetings for Greek exporters focusing on Southeast Europe. In April, Greek Prime Minister Alexis Tsipras led a trade mission to North Macedonia, the first since the ratification of the Prespes Agreement resolving a long running name dispute between the two countries. The trade mission drew more than 120 Greek businesses, far surpassing expectations and underscoring Greek investor interest in the country. Greece has also just joined a Chinese-led forum, the 16+1 Initiative, for Central and Eastern Europe.

Before the Greek financial crisis, Greek companies played a leading role in the economies of Southeast Europe. Greek banks, refiners, retailers, pharmaceutical companies and others, were both major investors and major exporters to the region. But the crisis forced many – particularly the banks – to divest their assets, as others curtailed investment plans in the face of a credit and liquidity squeeze back home.

Now, amid a two year-long recovery in the Greek economy, Greek companies are again looking at Southeast Europe where growth is expected to range between 3.5% and 4.0% in 2019 and 2020.

In April, Greek engineering firm Mytilineos won a €118 million contract to build a power plant in Ljubljana. Separately, Greece’s state-owned natural gas company DEPA has reached a gas supply deal with Bulgaria’s Bulgargaz, marking the first time the Bulgarian utility has bought gas outside its long-term contract with Russia’s Gazprom.



Southeast Europe is Growing Rapidly

	2018e	2019f	2020f
Albania	4.2	3.8	3.6
Bosnia and Herzegovina	3.0	3.4	3.9
Kosovo	4.2	4.4	4.5
North Macedonia	2.7	2.9	3.2
Montenegro	4.4	2.9	2.4
Serbia	4.2	3.5	4.0
Bulgaria	3.2	3.6	3.6
Romania	4.0	3.8	3.6

Note: e = estimate; f=forecast | Source: World Bank, European Commission

news in **brief**

Greek Growth

Greece's economy is forecast to grow by 2.4% this year, according to the latest IMF World Economic Outlook, while the Bank of Greece, in its most recent projections, sees a 1.9% growth rate in 2019. The forecasts confirm that Greece is headed into its third year of economic recovery following 1.9% growth in 2018.

Greek Bonds

Greece will repay about €3.7 billion in loans to the IMF coming due in the next two years ahead of schedule, marking another milestone in the country's emergence from its recent crisis. The news helped boost prices on Greek government bonds, sending the yields on the benchmark 10 year sovereign to a 13 year low.

Marina Privatization

Greece's privatization agency has named Aktor Concessions, a division of Greek construction giant Ellaktor, as the preferred bidder for a 40 year concession to the Alimos Marina along the Athens Riviera. The company paid €57.5 million for the concession and will invest another €50 million over the next five years to upgrade the marina.

Greek Property

Greek housing prices are seen gradually increasing over the next 12 to 18 months, international credit ratings agency Moody's said in a recent report. In 2018, housing prices rose an average 1.5%, the first increase in ten years, thanks to the improving macroeconomic environment and high foreign investment in Greece's residential property sector.

Golden Visas

Greece has issued a total of 4,154 Golden Visas to foreign investors from the program's inception in 2013 through the end of March this year, according to the latest Greek government data. Last year, Greece issued 1,399 Golden Visas to foreign investors, up from 961 in 2017.

Tourism Revenue

Greek tourism revenue rose by 53.2% in January, signalling a strong year ahead for Greece's tourism industry. According to the latest Bank of Greece data, January travel receipts totaled €232 million, up from €152 million in January 2018. The rise is attributed to a 40.4% increase in visitor spending and a 9.4% rise in visitors. In 2018, Greece took in €16 billion in direct tourism revenue.

Hotel Opening

Following more than a year of renovations, the Four Seasons Astir Palace Hotel Athens has opened in the seafront town of Vouliagmeni along the Athens Riviera south of the capital. The re-opening of the landmark hotel, once known for its jet set clientele, marks the first Four Seasons hotel in Greece.

Enterprise Greece

The Greek state investment and trade promotion agency is hiring an additional 62 staff, effectively doubling its workforce, as it continues to expand its operations. Last year, the agency participated in 36 international investor events, hosted 17 foreign business missions, and participated in 47 international trade fairs among other activities.

Greece Sees Rising Number of Strategic Investments

Greece's inter-ministerial committee on strategic investments is evaluating for approval up to ten new projects worth a combined €2.2 billion, underscoring the growing investor interest in the country.

Combined, the ten projects are expected to create 2,200 jobs with the approvals expected to be completed by the end of May. Most of the projects are in tourism assets or renewable energy production.

Greece's fast track law for strategic investments, first adopted in 2010, has undergone teething pains and has been updated several times to broaden its mandate and allow for a range of investments: from fiber optic networks, to mixed golf and hotel resorts. In total, 19 projects have been approved under the fast track law since it was launched.

The increasing pace of applications in the last year and-a-half reflect both the improvements in the law, and renewed investor interest in Greece. Earlier this year, the committee approved four new projects totaling €334 million for induction into the country's special fast track process.

For a third consecutive year, foreign direct investment in Greece has risen sharply. According to recent Bank of Greece data, FDI inflows reached an historic high of €3.64 billion last year, representing a 13.8% increase from 2017. Overall, FDI has tripled between 2015 and 2018 and is on track for a new record in 2019.

Criteria for Strategic Investment Projects

Projects of

€100ml or more are automatically deemed strategic investments.

Manufacturing projects of minimum investment **€15ml**

Business Park development projects of minimum investment **€5ml**

JESSICA program approved projects of minimum investment **€5ml**

Projects creating at least **120** new jobs and of minimum investment **€40ml**

Investment projects creating **150** new jobs

Investment projects creating **600** long-term jobs

European energy infrastructure Projects of Common Interest



COMING UP MAY

- Greek National Holiday: Labor Day (May 1)
- Greece-Qatar Business Forum and trade mission, Doha (May 1-3)
- Mediterranean Yacht Show, international yachting exhibition, Nafplio (May 4-8)
- Hellenic Association for Energy Economics, 4th annual symposium, Athens (May 6-8)
- HOFEX 2019, food and hospitality show, Hong Kong (May 7-10)
- ProWine Asia, international wine & spirits trade fair, Hong Kong (May 7-10)
- East Med Yacht Show, international yachting exhibition, Piraeus (May 10-13)
- PLMA World of Private Label International Trade Show, Amsterdam (May 21-22)
- Posidonia Sea Tourism Forum, Athens (May 28-29)
- JCK Las Vegas 2019, fashion & accessories trade show, Las Vegas (May 29-June 3)

Source: Wikimedia

Focus on Crete

The island of Crete is poised for an economic take off with billions of euros worth of investments planned, including in new infrastructure, tourism developments and privatizations.

Long one of Greece's leading tourist destinations, Crete welcomed more than 5 million visitors last year, representing about one sixth of Greece's total tourist arrivals. But the island has lagged behind mainland Greece in terms of infrastructure and other development.

That is now changing. In late February, Greece signed an agreement with an Indian-led consortium for a new €1.5 billion airport near Kasteli with construction expected to begin next year. The government has also launched the second phase of a €1.7 billion highway project stretching along the north coast of Crete. Also planned is a billion euro underwater power cable to link the island with the mainland's electricity grid.

Greece's privatization agency is moving ahead with plans to tender the port of Heraklion, Crete's largest port and a major cruise ship destination. Likewise, the former U.S. military base in Gournes, along the seafront just east of Heraklion, is due to be privatized this year.

*Enterprise Greece wishes you
a fulfilling & joyful holiday!*

CONTACT US

To learn more about the many investment and trade opportunities Greece offers, visit us today at www.enterprisegreece.gov.gr

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