ENTERPRISE GREECE
INVEST & TRADE

NEWSLETTER DECEMBER20

NEXT GENERATION ECONOMY

TOURISM INVESTMENT

GREECE'S TRADE BALANCE

The newsletter is a monthly publication of Enterprise Greece, the national investment and trade promotion agency.

Greece lays out sweeping 3-year plan for economic recovery, transformation

Greece unveiled a draft three-year plan to recover from the effects of the coronavirus pandemic – part of a €750 billion European Union initiative – that will radically change the country's growth model and spur a sweeping economic transformation.

The Next Generation EU initiative aspires to position the bloc for emerging and future opportunities, particularly in the area of digital technology and clean energy. Greece is slated to receive €32 billion in EU financing to support its development goals in four key areas: the Green Economy, digital transformation, job creation, and regulatory reforms to enhance private investment. In addition, Greece will receive a further €40 billion in EU assistance under the bloc's new seven-year budget that was approved in mid-December.

The draft plan was developed over the last six months in consultation with an outside group of experts led by Nobel Prize winning economist Christopher Pissarides, and is expected to be given the greenlight by the European Commission next year. The plan calls for a more extroverted, competitive and green economic model, a more efficient and digitized public sector, a growth-friendly tax system, and an improved social protection network.

Of the amounts earmarked by the fund, the largest portion – some €6.2 billion – will be channeled to clean energy and energy efficiency projects to help Greece meet its commitment to reduce greenhouse gas emissions. Another €2.1 billion has been set aside for digital transformation, but the total amount is higher with many digital initiatives included in the other pillars of the program. Combined with existing EU programs, the total package includes €19.4 billion in EU grants and €12.6 billion in EU loans.

A report by credit ratings agency Moody's, identifies Greece as one of four countries that will benefit most from the fund – relative to the size of their economies -- along with Bulgaria, Croatia and Romania. It notes that the combined €1.8 trillion EU budget and recovery fund is "credit positive" for those countries.

The plan is based on four pillars of development and reform

- Green transition
- Digital transformation
- Employment, skills training, social cohesion
- Private investment and economic transformation

Grants and loans

	Grants	% of total	Loans	Total grants and loans
1. Green transition	6,200	38%		
2. Digital transformation*	2,100	13%		
3. Employment, skills training, social cohesion	4,100	25%		
4. Private investment and economic transformation	4,000	24%		
Subtotal RRF	16,400	100%	12,600	29,000
REACT-EU, Just Transition Fund, European Agricultural Fund for Rural Development	3,000			3,000
Total	**19,400**			**32,000**

*Note: digital projects are included in Pillars 1,3 & 4 to achieve the overall target of 20%.

in millions of Euro

Source: Ministry of Finance

news in brief

Debt Relief
Following the latest progress report on Greece's economic reform program, the Eurogroup has approved the release of €767 million in debt relief measures for the country. The report noted that despite the adverse circumstances caused by the coronavirus pandemic, Greece has taken the necessary measures to meet its commitments.

Market Rally
Greek stocks jumped 29% in November – recording their best monthly rally ever amid sharply higher trading volumes – and continued higher in December. Inflows of foreign investment have helped fuel the gains, with banking shares rising more than 70% on signs that the financial sector was making progress in tackling its stock of problem loans. Greek bond prices have also rallied with yields on several medium and long-term maturities reaching historic lows.

Vivartia Investment
Private equity fund CVC Capital Partners will acquire Greek food and catering group Vivartia Holdings SA, marking the latest investment in Greece by the fund. CVC has invested in a range of Greek assets over the past several years, particularly in the healthcare sector and, more recently, in Greek e-commerce company Skroutz.gr. Terms of the deal were not disclosed but according to media reports the deal was valued at €600 million including outstanding debt.

Pfizer Investment
U.S.-based pharmaceutical giant Pfizer plans to open a second business hub in the northern Greek city of Thessaloniki. Speaking at a business conference, Pfizer CEO Albert Bourla said that the second hub will provide support for the company's financial services, call center and human resources functions. In 2019, Pfizer announced the creation of a digital services hub in Thessaloniki.

Electric Vehicles
Enterprise Greece and Next.e.GO Mobile SE, a German manufacturer of electric vehicles, have reached initial agreement on establishing an electric vehicle production facility in Greece with an expected production capacity of up to 30,000 vehicles per year. The agreement comes just weeks after the Greek government and the Volkswagen Group announced a groundbreaking e-mobility project on the island of Astypalaia.

Green Transition
Enterprise Greece has established a special task force to support Greece's transition program to clean energy and spur economic development in areas affected by the planned shutdown of lignite-fired power plants. The Greek government has committed to withdrawing all lignite-fired power plants – concentrated in the areas of Western Macedonia and the central Peloponnese – by 2028. The majority of units – representing more than 80% of current installed capacity – will be withdrawn by 2023.

Telecom Auction
Greece's telecommunications regulator said it had raised €372 million from the auction of spectrum for the development of 5G mobile networks. Rights to the radio frequencies auctioned – at 700 MHz, 2 GHz, 3.4-3.8 GHz and 26 GHz – were awarded to the Hellenic Telecommunications Organization (OTE), Vodafone Greece and Wind Hellas.

E-commerce Increase
Revenue from e-commerce sales in Greece are expected to double to €15 billion in 2020 as a result of the coronavirus pandemic, according to a survey by the Hellenic Confederation of Commerce and Entrepreneurship. Although most of the increase has accrued to large companies, smaller enterprises are also increasingly online with more than 70% now having internet access, more than 55% active on social media, and 36% with active web pages, the survey said.

Greece draws further investments in tourism projects

Source: Lamda Development

Despite a sharp downturn in visitor arrivals this year due to the coronavirus pandemic, investors continue to move ahead with projects in the hospitality sector, underscoring their confidence in Greece as one of the world's top tourism destinations.

In the last few months, Greece has seen a string of investment projects announced. Since the summer, Greece has approved nine new tourism projects regarded as major strategic investments, Athens has welcomed a new five star hotel in the center of the city, and U.S. real estate fund Hines Group – together with the London-based Henderson Park fund – has invested in a portfolio of five hotels in Athens and Crete.

Three separate Israeli investment groups are currently developing more than a dozen hotels in Athens and Thessaloniki. And the U.S.-based Blackstone Group, which acquired five Greek hotels in 2019, has since signaled its intention to invest further in the local hospitality market.

In late November, Greece's TEMES Group and Lamda Development announced plans for a €300 million investment in two luxury hotel and residential complexes on the site of the old Athens airport at Hellenikon. U.S. gaming company Mohegan is likewise planning an integrated resort and casino project on the site, located along the Athens Riviera, and offered a record €150 million for the concession in October.

Greece is one of the world's top tourism destinations. And according to the latest Anholt-Ipsos Nation Brands Index, Greece was ranked among the Top 5 tourism brands this year.

Greek trade balance improves on resilient exports, lower imports

Greece's trade balance continues to improve as Greek non-oil exports buck a worldwide economic slowdown due to the coronavirus pandemic and amid a sharp decrease in the country's imports.

So far this year, Greece's merchandise trade deficit – excluding volatile petroleum products – is down 10% from a year earlier. According to official data, for the 10 months to October, Greece exported €19.7 billion worth of goods abroad – an increase of 1.8% – and imported €32.5 billion from overseas, a decline of 5.9%.

Double digit gains in two sectors in particular – in food & beverage exports and in chemicals exports – have helped offset weakness in other products and are on track for a record setting year. To date, F&B exports are up 11.4% to €4.4 billion, and exports of chemicals are up 21.4% to €4.1 billion, according to data by the Panhellenic Exporters Association.

In remarks to a conference organized by the Association, Prime Minister Kyriakos Mitsotakis emphasized the government's goal of further supporting the export sector. By 2023, Greece aims to increase the share of exports relative to GDP to 48% from 38% today.

COMING UP

JANUARY

- National Holiday: News Year's Day (Jan. 1)
- National Holiday: Epiphany (Jan. 6)

Season's Greetings
for safe and healthy holidays and brighter prospects

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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