Press Release

EY: 70% of investors are willing to invest in Greece if the country improves certain investment criteria

► 47% of investors say their perception of the country as an investment destination has improved over the past year, while 76% believe it will further improve in the next three years
► 30% have plans to establish or expand operations in Greece over the next year, compared to 27% in the rest of Europe
► Only 50% believe that the country currently implements a policy that attracts international investors
► Greece ranks 32nd among European countries with regard to the number of Foreign Direct Investment (FDI) projects over the past decade
► Quality of life (83%), local labor skills (70%), and telecommunication infrastructures (67%) are the country's main strong features
► Reducing taxation (49%), developing education and skills (32%), and supporting high-tech industries and innovation (25%) are identified by investors as top priorities to improve Greece’s attractiveness

There is substantial interest to invest in Greece, but also a need for changes and reforms in order for this interest to develop into concrete investment projects. This is the main conclusion of a new survey, conducted by CSA Institute on behalf of EY member firm in Greece, on the country’s attractiveness as an investment destination. The report, which is an autonomous part of the broader EY Attractiveness Survey Europe program examining Europe's attractiveness as an investment destination, analyses the country's investment performance over the past few years. It also records the views of the international investment community on the strengths and weaknesses of the country as an investment destination based on a sample of 202 executives of large, foreign companies, half of which (110) have already established activities in Greece.

The number of Foreign Direct Investment (FDI) projects in Greece is consistently low
According to the EY European Investment Monitor, an extensive database developed by EY teams, in collaboration with OCO, during the last decade (2009-2018) Greece ranks 32nd among European countries in terms of the number of FDI projects it has attracted, with a total of 129 investment projects, or 0.27% of all investments that have taken place in Europe. Over this period, Greece's ranking among European countries has not improved, while Serbia has risen from 23rd to 12th, Lithuania from 31st to 16th and Bosnia and Herzegovina from 36th to 18th.

Three out of five investments in Greece (60%, compared with 45% for the rest of Europe) were sales and marketing offices, a feature of a re-emerging economy at an early development stage with regard to investments. At the same time, Greece lags behind in FDI projects in manufacturing, with 20% in total during the past decade, compared to 27% for the rest of Europe.

In 2018, Greece secured only 13 FDI projects, much less than those hosted in countries of a similar size or population, such as Portugal (74), Serbia (119), Finland (194) and Ireland (205).

**The perception of Greece's attractiveness is improving**

Despite the country's disappointing actual FDI performance, investors are highly positive about Greece's image and optimistic about its prospects, according to the EY survey: 47% believe that the perception of the country as an investment destination has improved over the past year. At the same time, 76% believe that the country's attractiveness will further improve in the next three years, compared with 37% on average in Europe, 40% in Germany, 30% in France and 52% in Portugal. Moreover, 30% report they are considering plans to establish or expand activities in Greece within the coming year, compared to 27% in the rest of Europe, 25% in Portugal, 23% in Germany and 10% in Belgium.

It should be noted, however, that these investment plans come almost exclusively from companies already established in Greece. Among those who have no presence in the country, the willingness to invest is limited to 4%, something expected to a large extent, as it reflects a trend recorded in other countries surveyed. However, in the case of Greece, this is particularly strong, a troubling finding which needs to be carefully analyzed by policymakers.
More than two out of three (69%) investors believe that tourism will be the main growth driver in Greece over the coming years, a result which comes as no surprise, but is none the less a cause of concern as it reflects how much the country depends on a sector vulnerable to global geopolitical turbulences. Meanwhile, at a time when the number of FDI projects in the digital sector in Europe have reached 19% of all FDIs in 2018, having more than doubled over the last five years, only 18% of respondents believe that information and communication technologies will drive growth in Greece.

Only 50% of respondents believe that Greece is pursuing a policy that attracts international investors

Investors surveyed believe that quality of life (83%), local labor skills (70%) and telecommunication infrastructures (67%) are the top elements of the country's attractiveness. On the other hand, investors have a highly negative perception of factors such as access to finance (29% consider it attractive, compared to 61% who find it little or not at all attractive), the bureaucratic and administrative environment (27% vs. 67%), and corporate taxation (20% vs. 64%). It is worth noting that the bureaucratic and administrative environment generated the largest share of negative responses (67%), compared to all the other factors mentioned in this question.

Investors identified a number of priorities where Greece needs to focus on in order to improve its attractiveness. Top priorities include reducing taxation (49%), developing education and skills (32%), supporting high-tech industries and innovation (25%) and supporting small and medium-sized enterprises (24%).

Asked whether they would be willing to invest in the country, if the negative factors which are currently deterring investment are dealt with, 70% of executives responded positively. This response reached 91% among those already established in Greece and 44% among those who do not currently have activities in the country, compared with 51% who responded no and 4% who did not reply.

Based on the perception of the investment community, as reported in the survey, EY Greece puts forward a number of areas for changes and reforms that will enhance the attractiveness of the country as an investment destination. These proposals focus on improving the tax
environment, enhancing human capital, removing bureaucratic obstacles, supporting technology and innovation, improving infrastructure and networks, transitioning to a new model on the future of work, upscaling of small and medium-sized enterprises, and ensuring access to finance.

In addition, the report also includes viewpoints on the importance of investment projects for Greece and on how to improve its attractiveness as an investment destination by the Governor of the Bank of Greece, Yannis Stournaras; the Chief Executive Officer of the Athens Exchange Group, Socrates Lazaridis; the Director General, Foundation for Economic and Industrial Research (IOBE) and Professor, Athens University of Economics and Business, Nikos Vettas; the President of the Federation of Industries of Greece, Athanasios Savvakis; and Panos Tsakloglou, Professor, Athens University of Economics and Business.

Panagiotis Papazoglou, Managing Partner of EY member firm in Greece, said: "We all recognize today that Greece needs an investment shock in order to return to high and sustainable growth rates. With this report, EY member firm in Greece aspires to act as a catalyst to raise awareness on this issue. We need radical changes and reforms in public administration, education, research and innovation, the judicial and legislative framework, infrastructure and taxation so that Greece can find the place that it deserves on the global investment map. We also need to present a new, positive narrative and convince the international business community that, as a country, we are ready to do whatever it takes to support investment. Merely removing obstacles is not enough; we need to actively seek investors, attract them and help them realize their investment plans".

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