



Amid global competition for investment, what more can Greece do?

EY Attractiveness Survey

Greece

July 2024

■ ■ ■
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Foreword



Georgios Papadimitriou
Country Managing Partner,
EY in Greece

Our survey on the attractiveness of Greece as an investment destination, now in its sixth edition, serves as a benchmark for the progress made in recent years. Greenfield investments over the past three years account for 33% of all investment activity recorded by the survey since 2000, according to our methodology. The quality of these investments has significantly improved, with a large percentage directed toward knowledge-intensive sectors and high value-added activities. Respondents' intention to invest within the next year has increased from 30% in 2019 to 51% today. This progress did not occur by chance: an impressive 79%, up from 50% six years ago, now perceive Greece's policy for attracting international investors as effective.

However, the survey also highlights an undeniable reality. After a deep economic crisis and decades of distorted and inward-looking growth, Greece starts from a lower point in the race to attract investments. The country must compete with powerful and established European economies, as well as a number of competitors located on the edge of the EU that also possess comparative advantages and share a similar need and willingness to support their growth through foreign investments.

Our survey also brings to light areas the country can improve upon, such as the slow pace of the delivery of justice and areas where, despite undeniable progress, reforms are still needed – the education system and its connection to the labor market is a prominent example, as well as the growth of small and medium-sized enterprises.

EY teams, steadfast in their commitment to building a better working world, have once again put forward a series of recommendations for this year. These proposals focus on nine critical areas designed to boost the country's competitiveness and empower it to secure its rightful share of global investments.

Today, it is widely acknowledged that attracting foreign direct investment is essential for the profound transformation and sustainable development of our economy. This consensus is an achievement in itself, that we must safeguard. However, merely recognizing this reality is not enough. The rate of investment growth in recent years needs to be further accelerated. This requires substantial mobilization of all political forces, the civil service, as well as the private sector, to establish the country as a leading European investment destination.



External viewpoint



Panagiotis Theodorikakos
Minister of Development

What are the next steps that the Ministry will take in order to maintain Greece’s positive momentum of recent years, and how can the country further advance as an investment destination?

Greece’s security and sustainable perspective demand a new productive model for the country. Its key feature is the reconstruction and the reindustrialization of our economy by enhancing the share of our industry, not only in the country’s GDP but also in the employment sector. Certainly, in the last five years the Government of New Democracy and the entire Greek society have been instrumental in establishing a safe political and financial environment for entrepreneurship. Our goal via the growth path is to create new, safe, and better-paid job positions and increase the citizens’ disposable income. Our policy aims to strengthen our economy’s resilience and competitiveness while maintaining social cohesion.

We opt for a modern and competitive industry, multiplying our exports simultaneously. This industry is growing throughout Greece’s territory. Our aim is for economic development to be sustainable and balanced throughout the country.

We also implement an ambitious strategy for innovation, introducing reforms and incentives in order to connect the research with the market, and thus ensure immediate results. The actions we apply for strengthening entrepreneurship focus on enhancing the extroversion and the growth of enterprises, accelerating green and digital transition, investing in skills development and limiting bureaucratic red tape, overall improving the business environment.

Executive summary

After two years of growth, the post-pandemic recovery of foreign direct investment (FDI) in Europe has stalled. The number of announced projects in 2023 has decreased by 4% from 2022, and it stands 14% below the record high set in 2017.

Greece's strongest performance in FDI, for two years in a row

Amid this challenging environment, Greece managed to attract a higher number of investments for yet another year, with the EY European Investment Monitor recording 50 FDI projects for 2023. This represents the strongest performance for Greece since 2000, the year the program was first launched, placing the country in the 19th place among the 45 countries that were part of the EIM.

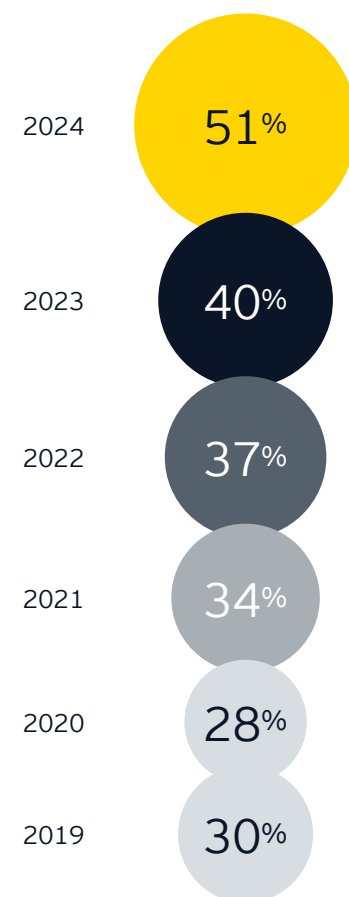
Cumulatively, the FDI projects over the past two and three years represent 25% and 33%, respectively, of the total investment recorded by the study since 2000. Investments made since 2019, the first year after Greece's exit from the bailout program, account for 49% out of the total.

Cumulatively, the FDI projects over the past two and three years represent 25% and 33%, respectively, of the total investment recorded by the study since 2000.

Additionally, there is ongoing improvement in the qualitative composition of investments. A significant portion is directed toward knowledge-intensive and high value-added activities, which are crucial for the transformation of Greece's economic production model. Key sectors include software and IT services (ranked first, though with a reduced share of 24% from 40% last year), professional and business services (16%), and transportation and logistics (16%).

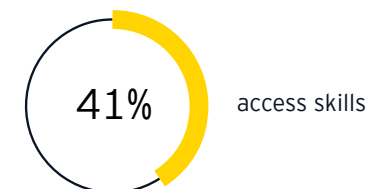
Investment plans at an all-time high

One out of two respondents (51%) stated that their companies plan to establish or expand operations in Greece over the next year. This represents the highest level Greece has achieved in this critical indicator, which was at 30% during the first year the survey was conducted in Greece, in 2019. Among very large companies (turnover > €1.5 billion), the percentage is even higher (65%) while, among companies already established in Greece, it reaches 70%.

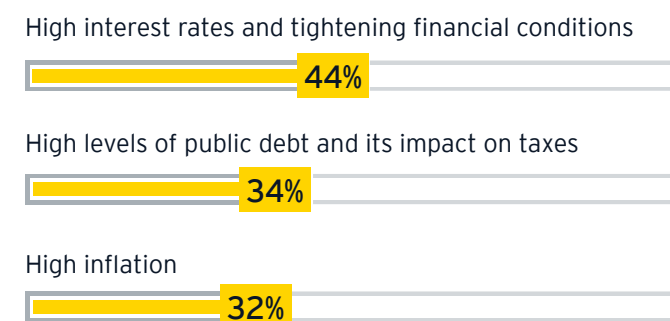


The investment plans of these companies primarily cover business support services (66%), sales and marketing offices (55%), and research and development (51%). Access to skills (41%) is identified as the main reason for establishing new or expanding existing operations.

Main reasons for establishing new or expanding operations

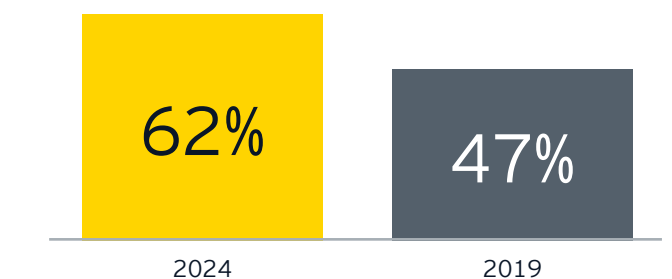


Key risks affecting Greece's attractiveness over the next three years, according to the investors surveyed, include high interest rates and tightening financial conditions (44%), the high levels of public debt and its impact on taxes (34%), and high inflation (32%).



Investors' perceptions of Greece continue to improve, with growing optimism for the next three years

Sixty-two percent (62%) of respondents, up from 60% last year and 47% in 2019, reported that their view of Greece as a potential location for business expansion has improved over the past year.

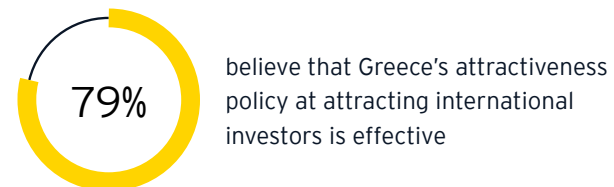


An even higher percentage (69%, up from 67% last year) believes that the country's attractiveness will further increase over the next three years. This optimism is largely attributed to the quality of infrastructure (42%), the country's strategic geographical location (35%), and a strong sustainability agenda (34%).



Effective attractiveness policies with ongoing improvements in key areas

The enhancement of Greece's image as a potential investment destination is linked to effective policies aimed at attracting international investors. Overall, 79% of participants rated the country's attractiveness policy as effective, up from 76% in 2023.



Regarding specific aspects of the country's policy to boost its attractiveness, the strongest performance is seen in attracting companies (72%), attracting innovative activities (71%), and attracting human talent (68%). Lower ratings are given to attracting capital (63%), attracting business headquarters (58%), and establishing global centers for competitiveness and world-class clusters (52%). Notably, three of these indicators have slightly declined compared to last year, but all have significantly improved compared to the first year of the survey in 2019, when none exceeded 50%.

Attracting companies



Attracting innovative activities



Attracting human talent



Strong performance in key individual factors, except for taxation

Participants also evaluated Greece based on a range of criteria related to the most critical factors influencing investment decisions: sustainability, electricity, technology, talent, and taxation.

For four out of these five areas, Greece's overall performance is deemed satisfactory, with more than half of respondents rating the country's performance in each aspect as "good" or "very good". Average percentages of positive responses range from 61% to 63%. However, taxation is an exception, with the average positive response rate at 53%.

Need for a faster pace

In an adverse environment for Europe, Greece managed to improve its performance, both in terms of the number of attracted FDI, as well as in terms of the investors' perception of its attractiveness. However, to address the investment gap of previous decades and secure a fair share of global investments in an even more competitive landscape, Greece needs to further accelerate its pace and take even more decisive steps in critical areas that significantly impact investment decisions.

For the fourth year, education and skills, taxation, and high-tech industries and innovation seen as key priorities for Greece

Respondents highlight three key priorities for Greece, in order to maintain its competitive position in the global economy: develop education and skills and facilitate access to talent (28%), reduce taxation (27%), and support high-tech industries and innovation, such as Cleantech (24%). These three factors have consistently been at the top of the priority list for the past four years.

28% Develop education and skills and facilitate access to talent

27% Reduce taxation

24% Support high-tech industries and innovation

The macroeconomic environment in Greece



The macroeconomic environment

The Greek economy has achieved a remarkable recovery compared to a decade ago.

1st place among 35 OECD countries, with the best economic performance for 2023¹.

- Key components of growth:
- Private consumption, boosted by the increase in real incomes
 - Investments and the strengthening of construction activities
 - Reduction of the trade deficit

Gross Domestic Product (GDP)²

↑2% GDP growth in 2023 (0.4% in the Eurozone)

The economy's performance in the first quarter of 2024 appears positive, with GDP recording an increase of

↑2.1% compared to the same quarter in 2023.

Expected growth:

↑2.2%

in 2024, and

↑2.3% in 2025

National Recovery and Resilience Plan "Greece 2.0"³

Total budget

€36b

of which €18.2b is allocated on grants and €17.7b on loans, including additional resources from

REPowerEU (€5.5b)

By May 2024, more than

€14.7b

have flowed into the country. Meanwhile, Greece requested approval for the payment of the fourth installment in April, totaling €3.3b (€2.3b in loans and €1b in grants).

Unemployment^{4,5}

↓11.1% in 2023
The lowest level since 2010.

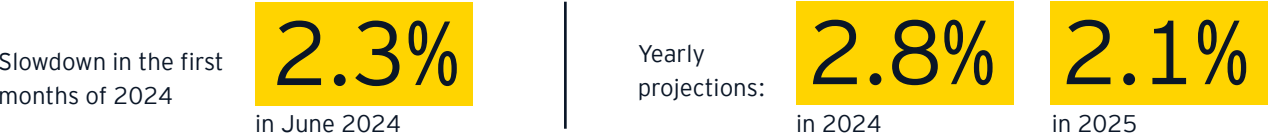
10.6% in May 2024
9.7% Projection for 2025:
De-escalation

1. Which economy did best in 2023, The Economist, 17 December 2023
2. European Spring Economic Forecast 2024, European Commission, May 2024
3. Submission to the European Commission of the 4th payment request, amounting to €2.3 billion, for the loan component of the Recovery and Resilience Facility, Greece 2.0, gov.gr, 17 April 2024 | Submission of the 4th disbursement request from the Recovery Fund for grants amounting to €1 billion, Greece 2.0, gov.gr, 6 June 2024 (in Greek)
4. Quarterly National Accounts, ELSTAT, accessed on 19 June 2024 (in Greek)
5. European Spring Economic Forecast 2024, European Commission, May 2024

Investments have seen a substantial boost, with Gross Fixed Capital Formation showing an increase of **↑2.9%** compared to the same quarter in 2023, and a **↑7.1%** rise compared to the last quarter of 2023⁶.

The rate of increase in the Harmonized Index of Consumer Prices (HICP) decreased to 4.2% in 2023, down from 9.3% in 2022. However, inflation, particularly in essential food items, remains a significant challenge for the economy.

Inflation^{7,8}



The yield on the 10-year government bond showed stabilizing trends in the first months of 2024.

Fluctuating between 3.29% and 3.54% from January to May 2024, compared to 3.28% in December 2023 and 4.3% in October 2023, when the yield peaked due to the European Central Bank's (ECB) tightening monetary policy and geopolitical upheavals⁹.

Positive developments also emerged from Europe, with the ECB implementing its first reduction in key interest rates by 25 basis points on 6 June 2024, following ten consecutive hikes between July 2022 and September 2023¹⁰.



6. Quarterly National Accounts, ELSTAT, accessed on 19 June 2024 (in Greek)
7. National Accounts, ELSTAT, accessed on 11 June 2024 (in Greek)
8. European Spring Economic Forecast 2024, European Commission, May 2024
9. Greek Government Securities, Bank of Greece, 30 May 2024 (in Greek)
10. Monetary Policy Decisions, European Central Bank, 6 June 2024

External viewpoint



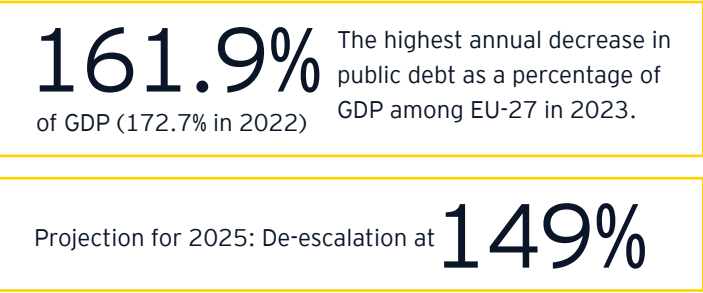
Yannis Stournaras
Bank of Greece Governor

Can Greece leverage global challenges as opportunities to grow its economy?

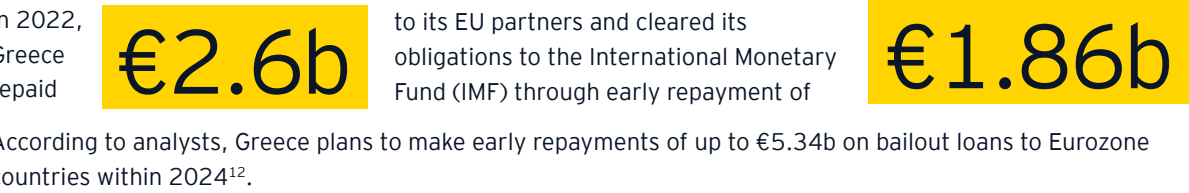
The outlook for the Greek economy is particularly positive as growth relies more and more on domestic and foreign investment and exports, suggesting a shift toward an outward-looking production pattern. However, in an international environment characterized by trade and geopolitical tensions and global challenges such as climate change, digitalization, and artificial intelligence, there is no room for complacency.

Economic policy should continue on the same path of reforms in the functioning of the state, strengthening the resilience of the banking sector, as well as in the timely absorption, and disbursement of Recovery and Resilience Facility (RRF) resources and fiscal responsibility. Particular emphasis should be placed on investment in new technologies and on upgrading the digital skills of workers as these will help the green and digital transition and the process of real GDP per capita convergence with EU average levels. This will lead to further upgrades of the Greek state's credit rating.

Public debt¹¹

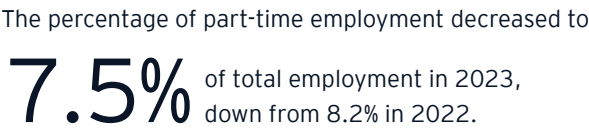
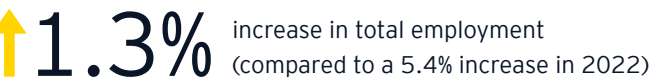


A decrease of 45 basis points compared to 2020 (207%), due to the primary surplus (1.4% of GDP, according to recent estimates by the Bank of Greece) and due to the increase of GDP.

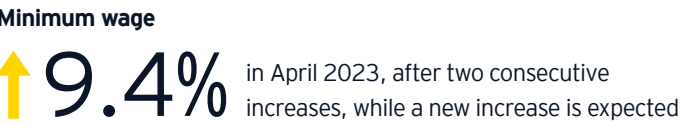
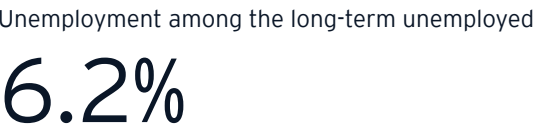


Labor market¹³

The labor market maintained its robust momentum in 2023.

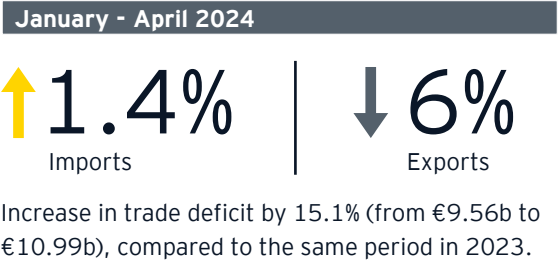
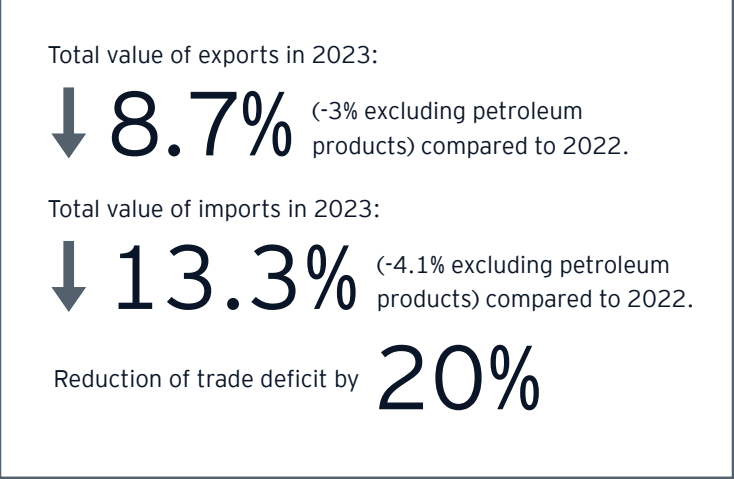


The medium-term outlook for the labor market remains positive. Employment is expected to continue rising, while the unemployment rate is expected to decrease in 2024 (at around 10%), reflecting the ongoing recovery of economic activity.



11. European Spring Economic Forecast 2024, European Commission, May 2024
12. Greece plans early repayment of eurozone bailout loans this year - sources, Reuters, 23 April 2024
13. Governor's Annual Report for 2023, Bank of Greece, April 2024 (in Greek)

Foreign trade^{14,15}



14. Global Trade Update (March 2024), UN trade & development
15. Press Release - Commercial Transactions of Greece (Merchandise Trade): April 2024, ELSTAT, 7 June 2024 (in Greek)

Energy

In 2023, there was a gradual mitigation of the energy crisis' impact, with energy prices following a downward trend, although they remained higher than pre-crisis levels.

The first floating storage and regasification unit (FSRU) for liquefied natural gas (LNG) off the coast of Alexandroupolis, will enhance supply security, diversifying supply sourcing, and increasing the number of natural gas suppliers¹⁶.

The Crete-Attica electrical interconnection ("Ariadne Interconnection") is expected to be completed by the end of 2024, while trial electrification of the line is anticipated to start in early 2025¹⁷.

Progress is also being made on the electrical interconnection between Crete and Cyprus (part of the "Great Seas Interconnector"), with the production of cables already underway¹⁸.

The penetration of renewable energy sources (RES) increased again in 2023, with the total capacity of active RES production stations reaching 11.5 GW, up from approximately 10 GW in 2022, and 6.4 GW in 2019. Additionally, other RES projects with a total capacity of 82 GW, as well as energy storage projects with a total capacity of 44 GW are at a licensing stage¹⁹.



16. Why the commercial operation of Alexandroupolis' FSRU is postponed for Fall (Greek article), ypodomos.com, 8 July 2024

17. Tender for 20% of Ariadne Interconnection until 12 July (Greek article), businessdaily.gr, 28 May 2024

18. IPTO: Another important step for the Great Sea Interconnector (Greek article), naftemporiki.gr, 14 May 2024

19. Third tender for RES projects with battery coming early summer - All terms and forecasted support (Greek article), energymag.gr, 8 March 2024

External viewpoint



Theodoros Skylakakis
Minister of Environment and Energy

Greece's attractiveness for investments in renewable energy sources is currently at a high level, as shown in the EY Renewable Energy Country Attractiveness Index (RECAI). How can we harness this momentum to advance the country's green transition?

Renewable energy sources are among the most valuable tools for achieving energy transition. In Greece, we are politically investing in these resources, and the results are impressive. Notably, 2023 saw record numbers of new photovoltaic installations and overall new renewable energy installations. Interest from both domestic and international investors is steadily increasing, with projects maturing for connection exceeding national goals. However, further penetration of "clean/green" renewable energy into the country's energy mix is strongly linked to the enhancement of electricity networks within Greece, as well as the expansion and strengthening of electrical interconnections with neighboring countries, and the promotion of energy storage systems.

In this context, over the past five years, our country has nearly tripled its investments in transport and distribution networks. At the same time, Greece is expanding its international electrical interconnections

and is advancing policies that will promote the installation of new energy storage systems, both standalone and in combination with renewable energy installations. Additionally, we are promoting self-production and self-consumption based on renewable energy projects and at this context we have established the "Apollo" program, which aims to reduce energy costs for vulnerable households, first and second degree local administration, local and general land improvement organizations, and municipal water supply and wastewater companies throughout the country.

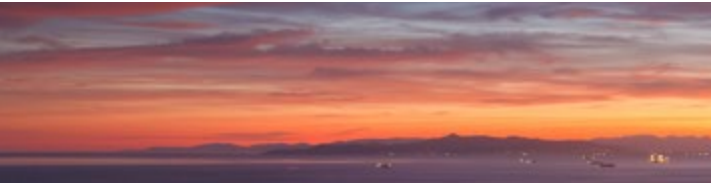
It is clear from the above that further increasing investments in renewable energy is a strategic choice, as it will enhance the country's energy security and independence. Leveraging Greece's significant natural resources – such as sunlight and wind – will enable the country to become a producer and exporter of "green" energy.

Infrastructure, transportation and logistics

The broader sector of supply chain and transportation is a fundamental pillar of the Greek economy, playing a significant role in:

- ▶ Increasing exports
- ▶ Supporting investments
- ▶ Enhancing the country's competitiveness

The key infrastructures of the transportation and logistics sector in Greece include ports, airports, road and rail networks, customs, inland logistics infrastructures, 3PL/4PL service providers, as well as emerging agrilogistics and LNG storage infrastructures.



Despite the challenges faced by European maritime trade due to the economic slowdown and geopolitical developments, the Port of Piraeus stood out as the only one among the five

Piraeus port^{20,21}:

Ranks globally among the top shipping centers according to the Xinhua-Baltic ISCDI Report, and is expected to further improve its position in the coming years.

8th

- ▶ **Increase in container volume:** 2% in 2023 and the highest among the top 10 European ports since 2007 (+271.4%)
- ▶ **Financial results of Piraeus Container Terminal (PCT):**
 - ▶ Increase in revenue and profits for 2023
 - ▶ Profits amounting to \$47.165 million
- ▶ **Concession duration:** 35 years (until 2044)
- ▶ **Total concession consideration:** €831.2 million

largest European ports to record an increase in container throughput in the first half of 2023²².



20. COSCO Shipping Ports Limited, 2023 Annual Report
21. Xinhua-Baltic ISCDI Report, China Economic Information Service, 2023
22. Ports: How cargo traffic evolved in the first half of the year (Greek article), ot.gr, 25 August 2023

Port of Thessaloniki²³:

- ▶ **Container traffic in 2023**
520,048 TEUs
(all-time high)
- ▶ More than **€71m** investments since 2018
- ▶ **€9.2m** investments in 2023
- ▶ **Strategic position:** Gateway for the Balkans and Europe

The development of the Port of Thessaloniki is a key pillar of the local stakeholders' development strategy²⁴.

Port of Alexandroupolis²⁵:

- ▶ Turnover 2023
€2.5m
- ▶ Profit in 2023
€1.5m
- ▶ Investments by the Hellenic Republic Asset Development Fund (HRADF) in the next five years
€91.7m
- ▶ **Goal:** To establish the port as a major grain transit hub (7-10% of regional cargo)

Greece's road network²⁶:

- ▶ Motorway area of
2,145 km
- ▶ The most developed in the Balkans
- ▶ The Trikala-Kalambaka section of the E65 Motorway completed within 2023
- ▶ Connection of Central Greece with Western Macedonia and the Balkans via Egnatia Odos (A2 motorway)

Following the completion of the Trikala-Kalambaka section of the E65 Motorway within 2023, the extension of the Ionian Road from Ioannina to Kakavia – a €310 million project currently in its final bidding phase and expected to commence soon – will complete the Ionian Road axis. This extension will connect Antirrio to Kakavia in just 2 hours and 15 minutes, providing a significant development boost to the Ioannina region by linking the airport, the Industrial Park, tourist destinations, and the northern part of the region with the Ionian Road²⁷. It will also enhance international transport by improving the Greece-Albania connection, reducing travel time from Athens to 4 hours and 20 minutes, and boosting cargo transport. The project is part of the European Adriatic Road axis, enhancing Greece's, and specifically Ioannina's, position as a crucial transportation hub²⁸.

The Northern Road Axis of Crete (BOAK), with a budget nearing €2 billion, represents the largest investment in road infrastructure in the country^{29,30}.

23. Revenue and profits increased for the Port of Thessaloniki in 2023 (Greek article), ypodomes.com, 22 April 2024
24. MarePort 2023: Great prospects for the Port of Thessaloniki (Greek article), thessnews.gr, 2 June 2023
25. Port of Alexandroupolis: Grain traffic at the heart of HRADF's development plan (Greek article), gnomionline.gr, 17 May 2024
26. E65: Why it is the backbone of Greece - The road map, costs, and travel times (Greek article), reader.gr, 23 April 2024
27. Ionian Road: New tender for Ioannina-Kakavia on June 22 (Greek article), ypodomes.com, 12 May 2023
28. Progress in the tender for the extension of the Ionian Road from Ioannina to Kakavia (Greek article), ypodomes.com, 11 May 2024
29. BOAK: 3 bids for the €1.75 billion concession project for the Chania-Heraklion Section (Greek article), ypodomes.com, 8 May 2023
30. BOAK: Overview of the three sections - 2023 projects from Chania to Agios Nikolaos (Greek article), ypodomes.com, 15 November 2022

Greek 3PL Market³¹⁻³⁵:

Although the pandemic caused a 5.4% shrinkage in the market in 2020, the previous upward trend from 2014-19, with an average annual growth rate of 2%, indicates the sector's resilience.

- **Prospects:** Positive, despite challenges after the 2009 crisis and the 2019 pandemic
- **Reasons for increased use of 3PL services:** Cost reduction and improved business performance
- **Successful providers:** Investing in quality and innovation

► **5.4%** market shrinkage due to the pandemic

► **2%** average annual growth rate (2014-19)

- **Core activities:** Storage and distribution (93% of market value)

Logistics' returns in Greece are now among the most competitive in Europe.

- **Competitive at a European level:** 7% - 7.5% yields for prime properties in established areas
- **Mature European markets:** 3% - 3.5%
- **Increasing trend:** Development of "green" storage facilities (LEED/BREEAM certified)
- **Goal:** Reduction of the supply chain's environmental footprint (EU targets)

The 3PL market in Greece shows strong dynamics, with significant investments being made across the country. The main logistics markets are centered around Athens and Thessaloniki, focusing on the ports of Piraeus and Thessaloniki.

- **Dynamic development:** Significant investments across the country

- **Main markets:** Athens and Thessaloniki (Piraeus and Thessaloniki ports)

- **"Thriassio II" investment:**

€561m

for a freight railway station and a sorting station (30-year concession)

- **Thessaloniki investment:**

€160m

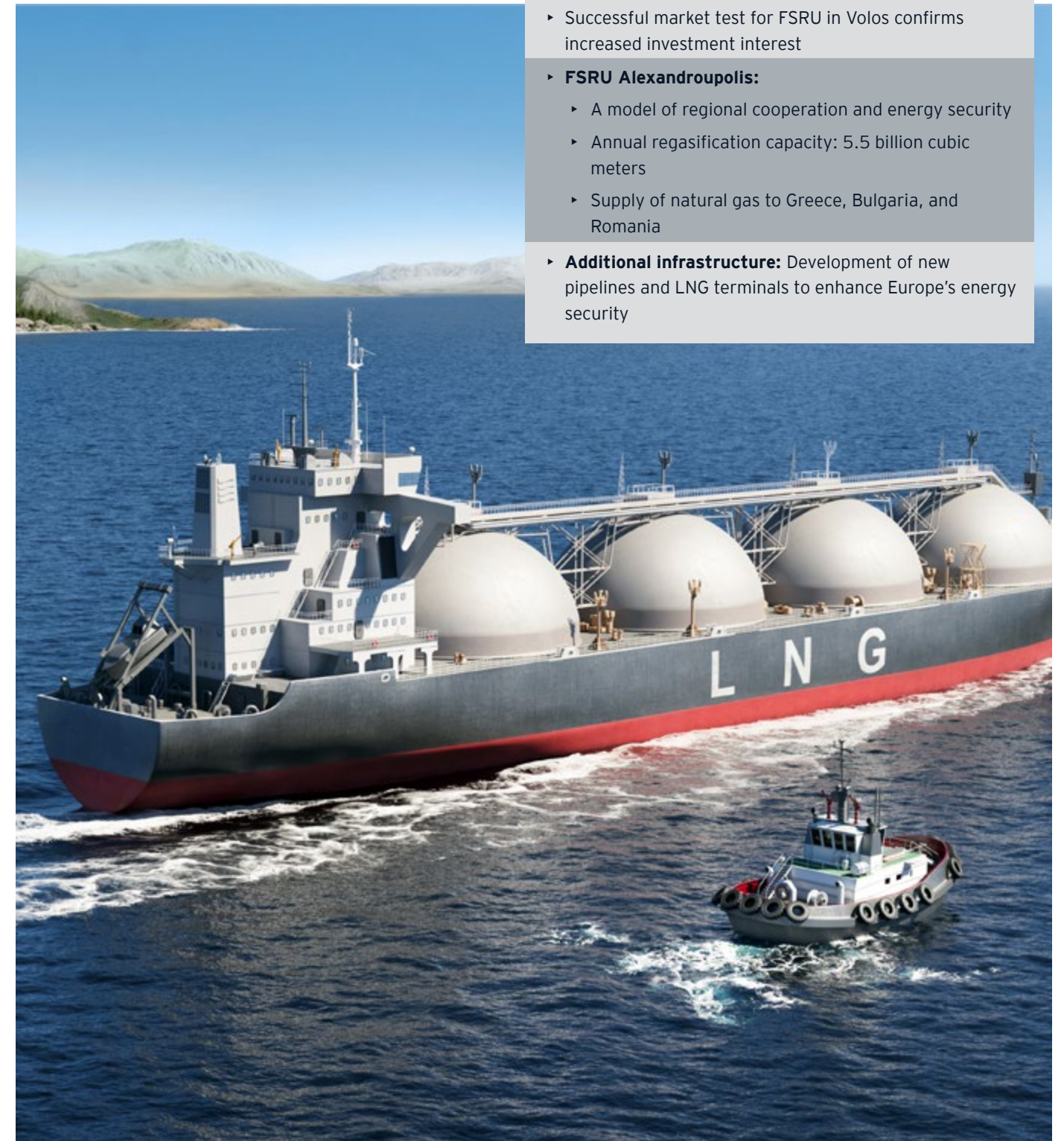
for a logistics complex located at the 15th km of Thessaloniki-Edessa

- **Increase in rental values:** Due to high demand for large and modern storage spaces (e.g., Thriassio: €5+ per sqm per month)
- **Priority:** Investments in agrilogistics infrastructure due to geopolitical circumstances and the critical nature of the agrifood sector



31. ICAP CRIF Study on the Third-Party Logistics (3PL) Sector, ICAP CRIF, 17 March 2022 (in Greek)
32. How can the agrifood sector address tomorrow's challenges, today?, EY Greece, April 2022 (in Greek)
33. Thriassio II - Logistics: Hellenic Train (formerly TRAINOSE) - Damco (Kopelouzos) confirmed as concessionaire for Mega Project (Greek article), insider.gr, 19 May 2023
34. Thriassio II: New investments from the concessionaire - creation of logistics center (Greek article), moneyreview.gr, 22 January 2023
35. Logistics: High yields and foreign investments (Greek article), powergame.gr, 25 May 2023

Greece is dynamically enhancing its position as an energy hub in Southeastern Europe with significant investments in natural gas infrastructure. Specifically, the FSRU project in Alexandroupolis is emerging as a model of regional cooperation and energy security. In parallel, Greece is exploring the development of additional infrastructure, such as new pipelines and LNG terminals, further strengthening its role in Europe's energy security through the diversification of supply sources and routes.

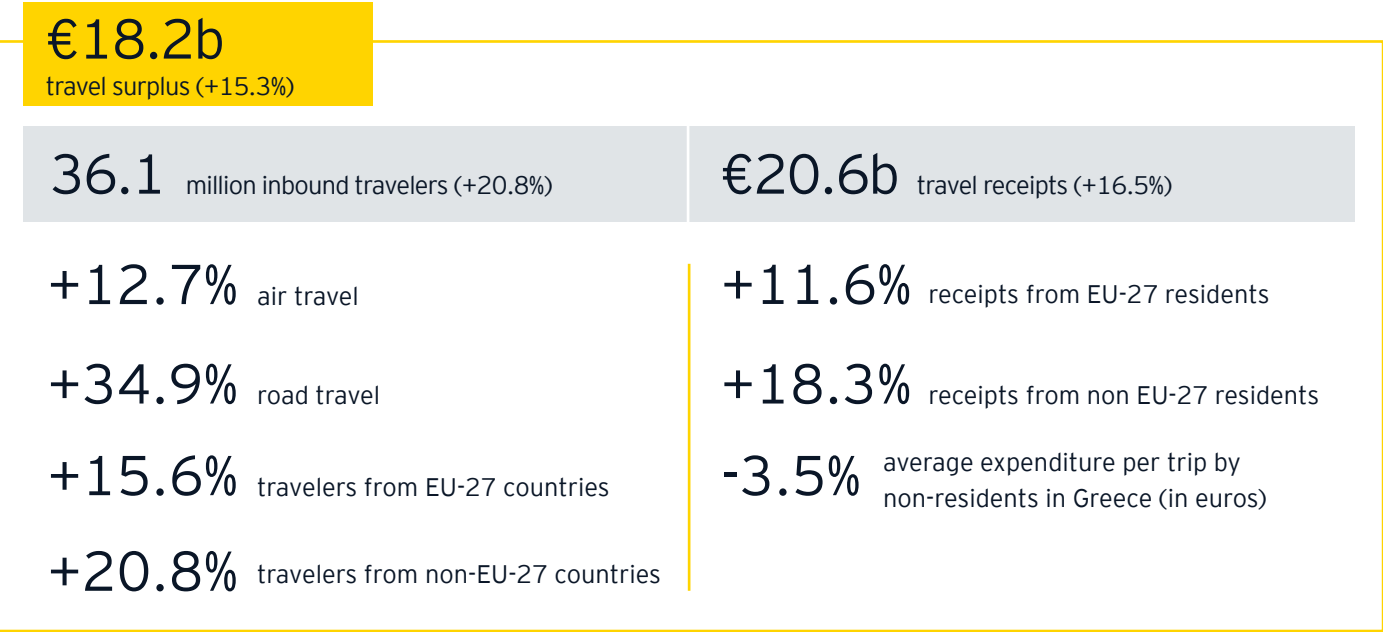


Next steps for the future of LNG infrastructures

- **Investments in natural gas infrastructure:** FSRUs in Alexandroupolis, Agioi Theodoroi, the Thracian Sea, and Thessaloniki
- Increasing storage capacity and interconnection through the completion of the IGB pipeline and the planned Greece – North Macedonia pipeline
- Successful market test for FSRU in Volos confirms increased investment interest
- **FSRU Alexandroupolis:**
 - A model of regional cooperation and energy security
 - Annual regasification capacity: 5.5 billion cubic meters
 - Supply of natural gas to Greece, Bulgaria, and Romania
- **Additional infrastructure:** Development of new pipelines and LNG terminals to enhance Europe's energy security

Tourism

Tourism performance 2023 (compared to 2022)

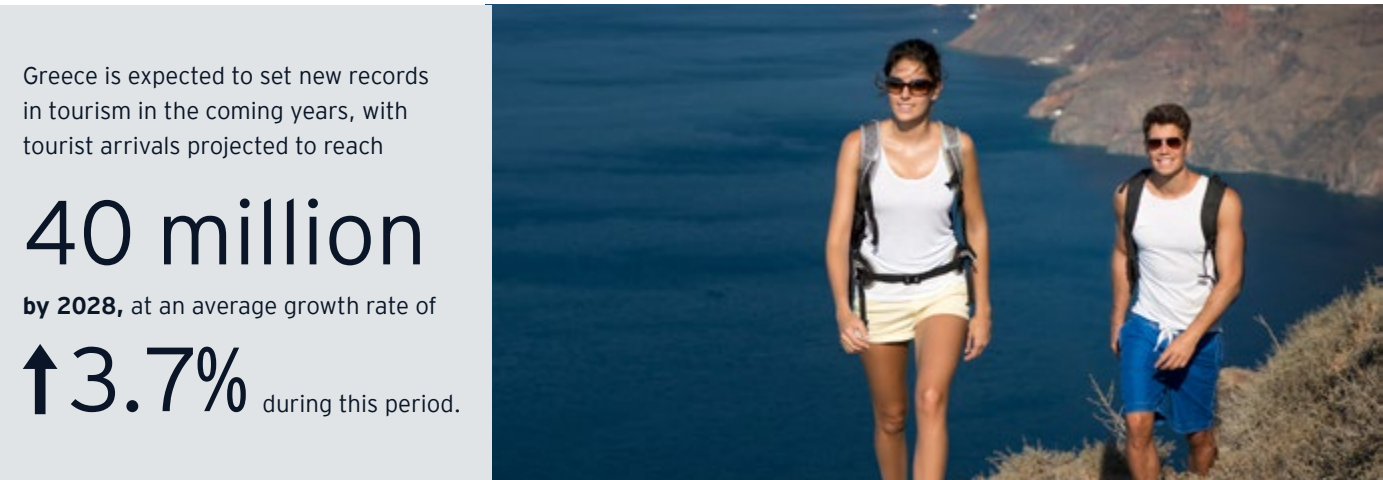


Source: Press Release - Developments in the balance of travel services: 2023, Bank of Greece, 30 April 2024



The positive performance of tourism is expected to continue in 2024^{36,37}.

Travel receipts for the period January-March 2024:



36. Vettas (IOBE): 2.1% growth for the Greek economy in 2024 - Positive trend for Greece, significant international challenges (Greek article), insider.gr, 23 April 2024

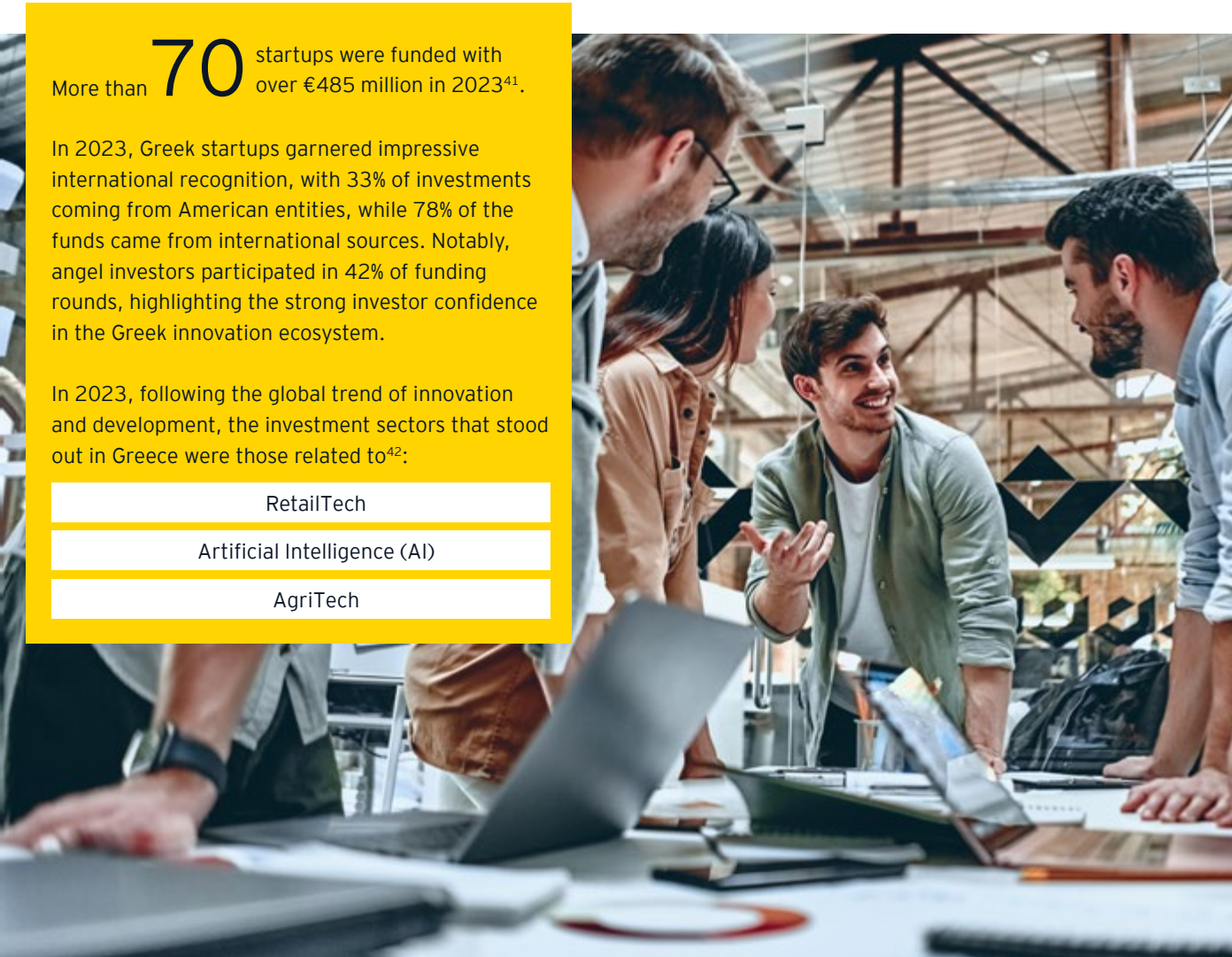
37. Press Release - Developments in the balance of travel services: March 2024, Bank of Greece, 22 May 2024

Innovation and startup entrepreneurship

According to the latest estimates, the Greek startup ecosystem accounted for



In 2023, Greece was among the six countries⁴⁰ that captured



38. Ioanna Sappho Pepelasi: Innovative/Startup Entrepreneurship: From the international environment to Greek regions, Emeritus Professor, Athens University of Economics and Business, Regional Policy Observatory, January 2023 (in Greek)

39. EY: Value of Greek startups at €8 billion (Greek article), imerisia.gr, 14 July 2023

40. Greek startups leading in Eastern Europe (Greek article), moneyreview.gr, 15 April 2024

41. Startups in Greece 2023-2024: Venture Financing Report, Found.ation and EIT Digital

42. 25% reduction in startup funding in Greece in 2023 (Greek article), moneyreview.gr, December 2023

Investment opportunities in Greece

Foreign direct investment (FDI) inflows to Greece decreased in 2023, amounting to

↓ €4.6b

compared to €7.5b in 2022.

However, FDI inflows remained at higher levels compared to the 2019-21 period⁴³.

The Greek real estate market continued to attract FDI in 2023, contributing nearly

40% of the total FDI inflows for the year.

The **Golden Visa** program made a significant contribution, with a recent amendment increasing the minimum investment thresholds to up to €800,000 in high-demand real estate areas. In other areas, the threshold has been raised from €250,000 to €400,000, with a main goal of reducing the impact on housing costs for households⁴⁴.

Renewable energy and investment opportunities in Greece

According to the EY Renewable Energy Country Attractiveness Index (RECAI), Greece ranked

16th

among 40 countries in June 2024, in terms of its attractiveness for RES investments, and

2nd

in the normalized index which is based on GDP size⁴⁵.

Key macroeconomic indicators

	2020	2021	2022	2023	2024*	2025*
GDP (annual rate of change, %)	-9.3	8.4	5.6	2.0	2.2	2.3
GDP (€ billion)	175.7	195.5	220.1	228.3	240.2	251.3
GDP per capita (EU-27=100)	61.8	63.3	67.1	67.3	68.4	69.1
Private consumption (annual rate of change, %)	-7.4	5.8	7.4	1.8	1.7	1.6
Public consumption (annual rate of change, %)	3.0	1.8	2.1	1.7	0.4	0.0
Gross fixed capital formation (annual rate of change, %)	2.0	19.3	11.7	4.0	6.7	8.4
Exports (annual rate of change, %)	-21.5	24.2	6.2	3.7	4.2	4.0
Public debt (in relation to GDP, %)	207.0	195.0	172.7	161.9	153.9	149.3
Inflation (annual rate of change, %)	-1.3	0.6	9.3	4.2	2.8	2.1
Unemployment rate (%)	17.6	14.7	12.5	11.1	10.3	9.7

Source: European Spring Economic Forecast 2024, European Commission, May 2024 | AMECO Online Database, European Commission, 15 May 2024
* European Commission forecasts

43. Governor's Report for 2023, Bank of Greece, April 2024 (in Greek)
44. Golden Visa: Billions from foreigners into real estate and the housing crisis (Greek article), businessdaily.gr, 6 March 2024
45. EY Renewable Energy Country Attractiveness Index (63rd edition), EY, June 2024

External viewpoint



Yianos Kontopoulos

CEO, Athens Exchange Group

How do you estimate that the recovery of the investment grade will affect foreign investments through the Athens Stock Exchange?

The recovery of Greece's investment grade status sends a powerful signal of economic stability and officially paves the way for the Athens Stock Exchange's return to developed markets in the coming months. This upgrade will create new investment opportunities, enhancing the Athens Stock Exchange with increased liquidity and fresh capital inflows. Moreover, the upgrade underscores the pivotal role

of the Athens Stock Exchange as a cornerstone of Greece's economic growth, further strengthening our market by attracting new investors and facilitating the listing of new companies. In preparation for this transition to developed markets, we are diligently implementing all necessary reforms to ensure the Exchange is fully prepared to assume its role in this new era for the Greek economy.

Sustainability as a driving force for creating long-term value

In the wake of the Daniel storm and the extreme damage it caused, ensuring operational continuity and creating long-term value for all makes sustainability more essential than ever. During 2023, significant developments took place in the global and national regulatory framework, requiring companies to improve their operations and adjust their activities by incorporating the environment, people, and the economy at the core of their philosophy. These include:

1 The EU Taxonomy for sustainable activities

- Starting January 2023, large companies governed by the Non-Financial Reporting Directive (NFRD) are required to publish their economic activities that are not only eligible for the European Taxonomy but also aligned with its two environmental objectives: climate change mitigation and adaptation, for which technical criteria have been established and issued.
- Between 2024 and 2026, these companies must progressively expand their reporting to include eligibility and alignment with the European Taxonomy for the remaining four environmental objectives.

2 The Corporate Sustainability Reporting Directive (CSRD)

- The CSRD is expected to impact approximately 50,000 companies, including large enterprises not currently subject to the existing NFRD, as well as listed small and medium-sized enterprises (SMEs) based in the EU, and companies from third countries with operations within the EU, such as subsidiaries or branches, with a turnover greater than €150 million.
- The directive is anticipated to be transposed into the national legislation of each EU Member State by July 2024.

3 The EU Corporate Sustainability Due Diligence Directive

- On 24 April 2024, the EU adopted the Corporate Sustainability Due Diligence Directive (CSDDD), aimed at promoting sustainable and responsible corporate behavior across the value chain, specifically addressing adverse impacts on human rights and the environment from company activities, their subsidiaries, and their value chains. Companies are required to integrate due diligence into their policies, monitor its effectiveness, and publicly report the outcomes, with Member States given a two-year deadline to transpose the directive into national law.



4 Carbon Border Adjustment Mechanism (CBAM)

- The CBAM implementation timeline includes a transitional reporting period starting 1 October 2023, ending 31 December 2025, with CBAM authorization applications beginning 1 January 2025, and financial obligations and CBAM certificate purchases starting 1 January 2026, with penalties for non-compliance or false reporting.

5 Annual UN Climate Change Conference (COP28)

- COP28, held in Dubai from 30 November to 13 December 2023, revealed the need to reduce greenhouse gas emissions by 43% by 2030, and 60% by 2035 compared to 2019 levels to maintain the 1.5°C limit. Greece can play a significant role in emission reduction and the energy transition, leveraging its Climate Law and updating its National Energy and Climate Plan (NECP) to align with European legislation. Countries agreed to submit updated climate plans for 2035 by COP30.

Climate Law

In 2024, companies in Greece are required to submit a carbon footprint report for the second year in a row, under the national climate law. The Climate Law was enacted in 2022, aiming for the country's climate neutrality by 2050, which means balancing greenhouse gas emissions with their absorption.

The law also sets interim targets for 2030 and 2040, specifically aiming for a reduction in net anthropogenic emissions by

55% and **80%** respectively, compared to 1990, taking into account the provisions of the National Energy and Climate Plan (NECP)⁴⁶.

To reduce emissions, starting from 2023, companies are obligated to prepare an annual carbon footprint report with 2022 as the reference year. This report must be updated and verified annually by an appropriately accredited auditor. Particular emphasis is placed on promoting electric mobility and eliminating the use of solid fossil fuels for electricity production.

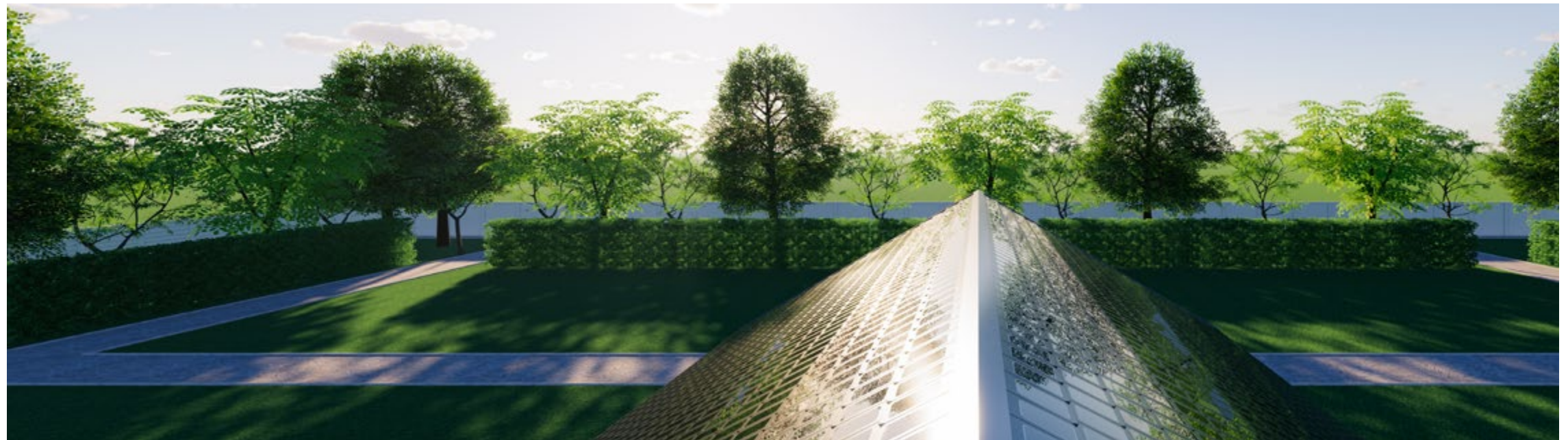
Additionally, according to Article 12 of the Climate Law, among the measures promoting the use of zero-emission vehicles, 2024 is the year in which

1/4 of new corporate vehicles must be electric or hybrid (i.e., vehicles that emit up to 50 grams of CO₂ per kilometer).

At the same time, the aspect of climate change is being strengthened in environmental licensing, with the requirement that new Environmental Impact Assessments (EIAs) including:

- 1 A quantitative estimate of greenhouse gas emissions during their construction and operation.
- 2 An assessment of vulnerability toward climate change, considering relevant climate risks, their impact, and the implementation of adaptation measures to enhance resilience.
- 3 A check of the compatibility of projects or activities with the achievement of national greenhouse gas reduction targets and the National Energy and Climate Plan.

Additionally, emphasis is placed on reducing emissions from facilities, either by offsetting emissions through the purchase of green certificates via the Guarantees of Origin scheme or through a national voluntary carbon market, including planting such as afforestation and reforestation, which currently does not exist. It is worth noting that the Ministry of Environment and Energy is considering the possibility of setting sector-specific emission reduction targets by early 2025, in line with national goals, taking into account relevant sectoral budgets and the provisions of the National Energy and Climate Plan.



46. Climate Law - What includes for businesses, buildings, and transport (Greek article), ot.gr, 18 November 2021

Taxation in Greece

Greece's tax system is among the most advanced in the developed world, remaining stable in recent years, while

consistently evolving with a focus on modernization and digital transformation.

Legal entities

- **22%** corporate income tax rate
- **80%** for corporate income tax prepayment
- Reduction of capital concentration tax on capital increases of companies to **0.2%** (from 0.5%), with no tax on contributed capital upon company formation.
- Implementation of the EU Directive on ensuring a global minimum level of taxation for multinational groups and large domestic groups in the EU (Pillar II).
- Government bond interest to be exempt for all investors, except for banks.
- The "Greece - Strong Growth" Development Law remains in effect, with a primary goal of promoting the country's economic development by providing incentives for specific business activities and sectors. Incentives for investment plans that fall under the support schemes of this law, include among others, exemption from income tax on company profit.
- Existing tax incentive framework for corporate transformation, with a focus on small and medium-sized enterprises (SMEs), aimed at promoting their collaboration, increase of productivity, and achieving economies of scale.

Natural persons or individuals

- Tax incentives for individual "angel investors" who contribute capital to startups.
- Tax incentives aimed at reversing the brain drain are in effect.
- Favorable taxation of benefits provided by companies to their employees, in the form of stock option programs and free share award programs.
- Reform of the tax framework regarding group insurance policies and institutions for occupational retirement provisions.



Modern Tax Administration

- Successful implementation of electronic submission of accounting documents and books of companies to the Tax Administration (myDATA) and pre-filling of tax returns.
- Expenses will not be recognized unless they have been electronically submitted to myDATA.
- Optional e-invoicing, with parallel granting of tax incentives.
- Upcoming requirement: Mandatory digital issuance and submission (e-notes) to myDATA.
- POS integration: Obligation for terminals (POS) to be connected to fiscal electronic devices (F.E.D.), with receipts submitted to the Tax Administration.
- New digital portal of the Independent Authority for Public Revenue (myAADE) in effect, allowing taxpayers to access all digital applications of AADE and quickly find the services they need.

ESG

- Existing measures on environmental tax policy, such as incentives for the use of corporate vehicles with zero or low emissions, as well as for expenses related to green economy initiatives by SMEs.



Other developments

- Recent reform of the Tax Procedure Code introducing significant changes in the way taxpayers communicate with the Tax Administration, as well as in the processes of tax assessment and collection.
- The stamp duty is set to be abolished and replaced with a "digital transaction duty".
- Harmonization of the tax framework with European standards through the integration and implementation of numerous European directives, such as:
 - Exit tax rules
 - Hybrid mismatch rules
 - Mandatory Disclosure Regime (DAC 6)
 - Automatic exchange of information (DAC 7)
- Upcoming adoption of the EU directive for the automatic exchange of information on cryptocurrency transactions ("DAC 8").
- Developments expected with regard to the simplification of procedures for withholding and refunding taxes on dividends and interest in the capital markets, as well as for issuing tax residence certificates (EU Directive "FASTER").



Foreign direct investment in Greece



In 2023, global Foreign Direct Investment (FDI) flows increased marginally by 3%, reaching a total of US\$1.37 trillion (up from US\$1.33 trillion in 2022), but remained significantly lower in comparison to US\$1.59 trillion in 2021. This decline is primarily a result of the geopolitical turmoil, the global economic uncertainty, and the tighter financial conditions driven by rising interest rates. The slight increase in 2023 was mainly attributed to higher total investments' value rather than a larger number of investments. International financing for projects and mergers and acquisitions (M&As) were significantly impacted by the increased borrowing costs, reduced by 21% and 16%, respectively⁴⁷.

Following an impressive increase of FDI flows to Greece in 2022, reaching €7.5 billion, a decline to €4.6 billion occurred in 2023. According to the Bank of Greece, key factors contributing to this decrease, are the global economic uncertainty, the high interest rates, the rising energy costs, the limited foreign participation in equity capital increases, a pause in M&A activities within Greece, and the stagnation observed in the country's competitiveness indicators.

The preceding significant FDI increase during 2021-22 in Greece was largely due to the acceleration and completion of

privatizations previously delayed by the pandemic⁴⁸. Despite the 2023 decline, FDI inflows remained at a higher level than the pre-2021 period, with average annual FDI flows during the 2021-23 period amounting to €5.9 billion, compared to €3.7 billion during 2017-19, marking a 62% increase. In the first quarter of 2024, FDI inflows were up compared to the same period in 2023 (from €1.05 to €1.16 billion), although still lower than the record inflows of 2022 (€2.94 billion in the first quarter of 2022)⁴⁹.

Foreign investors showed particularly strong interest in Greek real estate, as evidenced by the doubling of FDI directed toward real estate management and purchase and sale in 2023, compared to 2022. This surge is largely attributed to the "Golden Visa" program, which grants investors residency permits in Greece with the purchase of real estate worth over €250,000⁵⁰.

According to amendments to the program by the Ministry of Migration and Asylum, from late August 2024 new minimum property value thresholds of €800,000 (up from €500,000) will be set in high-demand areas such as the Attica Region, the Regional Units of Thessaloniki, Mykonos, and Santorini, and islands with population over 3,100 residents⁵¹.

47. Investment Trends Monitor 2024, UNCTAD, January 2024

48. Governor's Annual Report for 2023, Bank of Greece, April 2024 (in Greek)

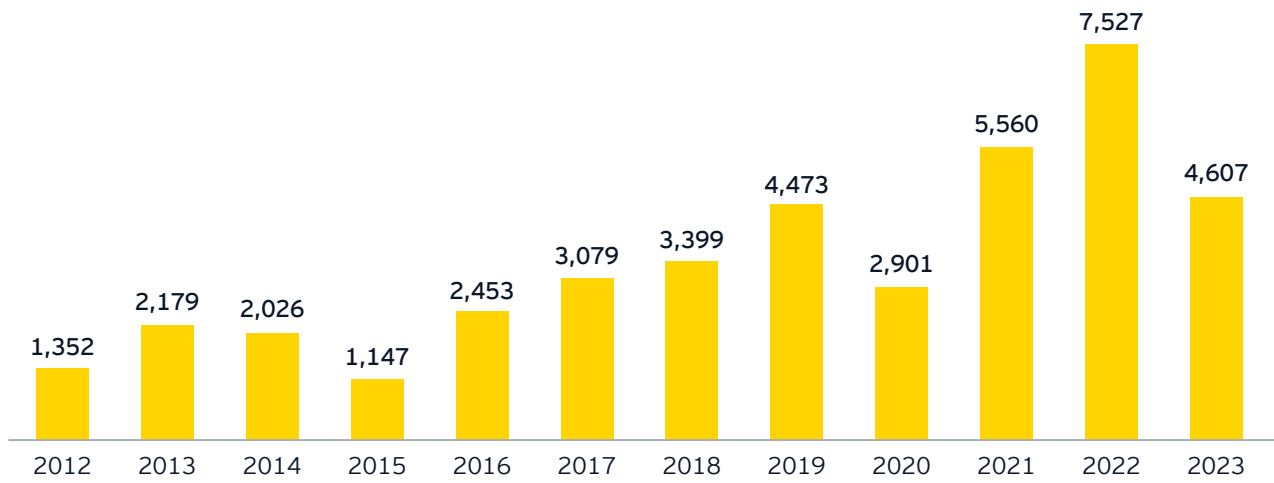
49. Balance of Payments: March 2024, Bank of Greece, 21 May 2024 (in Greek)

50. Governor's Annual Report for 2023, Bank of Greece, April 2024 (in Greek)

51. Art. 64, L.5100/2024 (A' 49) (in Greek)

It is often stated that a significant portion of the investment growth in recent years comes mainly from the real estate sector and that this may not be in line with the country's new development model. However, over the past three years, net FDI in manufacturing reached €3.2 billion, compared to €2.5 billion during the 2002-20 period. As a percentage of total net FDI, manufacturing accounted for 17%, compared to 19% for real estate investments. Additionally, it should be stressed that the “real estate” category includes residential properties as well as all types of constructions and investments (purchases, constructions, and renovations) in commercial properties, including, for example, data centers⁵².

Net foreign direct investment (FDI) inflows into Greece during 2012-23 (in million euros)



Source: Balance of payments - Flows, Bank of Greece, data accessed on 11 June 2024

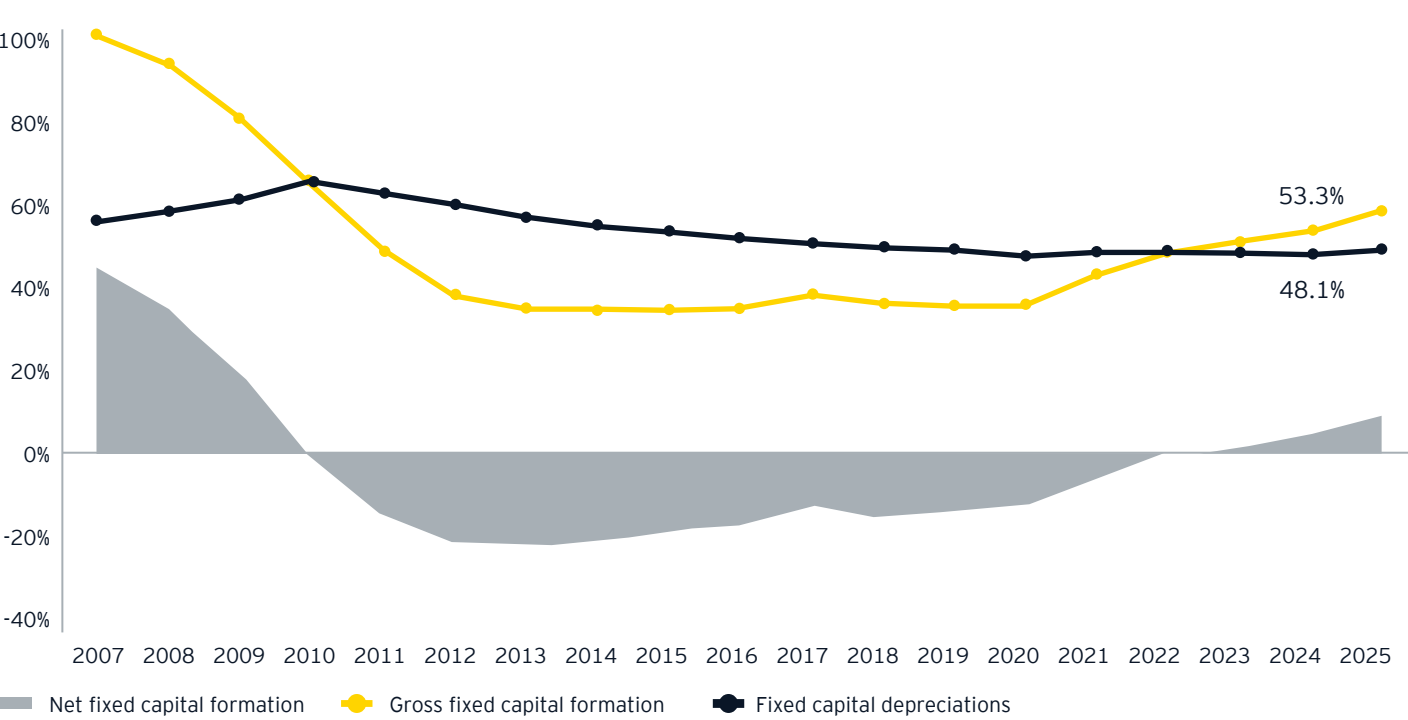
Net foreign investments in Greece are mainly focused on the tertiary sector, far exceeding those of the secondary sector. This trend is similar to that observed in many developed economies. More specifically, from 2012 to 2023 foreign investments were concentrated in services, particularly in financial and insurance activities, real estate management, and logistics and transportation, which together accounted for 70% of net FDI inflows. In contrast, the secondary sector represented 14% of total inflows during the same period, with the highest investment interest in food, beverages and tobacco, pharmaceuticals, and to a lesser extent, in electronics, machinery, equipment, and chemicals⁵⁵.

During 2023 investment interest remained focused on sectors like telecommunications, wholesale and retail, manufacturing, as well as accommodation and food services. The latter saw a significant increase in FDI inflows, reaching €416 million in 2023, compared to €140 million in 2022⁵³. According to the Preliminary Draft State Budget for 2024, FDI is expected to further strengthen during 2024 with the implementation of privatization plans, which are currently at an advanced stage⁵⁴.

These sectors are listed in the gross fixed capital formation (GFCF) index, which showed an annual increase of 8.1% in Greece in 2023, compared to a 5.9% annual increase in the EU-27⁵⁶. Preliminary data for 2024 is also promising, with GFCF rising by 2.9% in the first quarter of 2024, compared to the same period in 2023, and by 7.1% compared to the last quarter of 2023⁵⁷. However, Greece's overall fixed capital formation as a percentage of GDP lags behind the international and European average, standing at 13.9% of GDP, while the average for Eurozone and EU-27 is 22.2%⁵⁸.

52. Twelve myths and one truth about investments (Greek article), kathimerini.gr, 22 April 2024
53. Net Foreign Direct Investments by Non-Residents in Greece by Economic Sector, Bank of Greece, accessed on 11 June 2024 (in Greek)
54. Governor's Annual Report for 2023, Bank of Greece, April 2024 (in Greek)
55. Foreign Direct Investments, Enterprise Greece, 3 April 2024 (in Greek)
56. National Accounts, Eurostat, 12 June 2024, accessed on 12 June 2024
57. Quarterly National Accounts, ELSTAT, accessed on 19 June 2024 (in Greek)
58. National Accounts, Eurostat, accessed on 12 June 2024

Fixed capital formation (compared to GFCF in 2007)



Source: Eurostat & Ameco database, accessed on 12 June 2024

For over a decade, from 2010 onwards, Greece's GFCF remained negative. This was due to a significant reduction in investments, which fell below the depreciation of fixed capital, resulting in a cumulative loss of over €90 billion in fixed assets during the 2010-21 period. However, this trend reversed for

the first time in 2023, as an important increase in investments over the past three years has pushed GFCF into positive territory, a trend that is expected to continue medium-term.

Data from the EY European Investment Monitor (EIM)

Aiming to focus on investments that lead to the creation of new facilities and new jobs (greenfield projects), EY uses a targeted methodology for monitoring and recording foreign direct investment in Europe through the EY European Investment Monitor (EIM) database.

It is important to note that the EIM methodology differs from that of the Bank of Greece and international organizations such as the OECD. This explains the differences in absolute figures and trends recorded. Categories such as portfolio investments, mergers and acquisitions, public utility projects, privatizations, or investments in real estate and tourism establishments are not included in the EY EIM database.

As a result, this may lead to an underestimation of the total foreign direct investment figures for Greece. However, the investments tracked by the EIM are precisely those needed by Greece to ensure high and sustainable growth rates, to implement its economic transformation, and to create new, well-paid jobs. Furthermore, as the same methodology is consistently applied across all participating countries, it remains an exceptionally useful tool for monitoring and understanding investment trends over time, as well as for comparing the performance of European countries.

These data are presented annually in the EY Europe Attractiveness Survey, and, since 2019, in the survey for Greece.

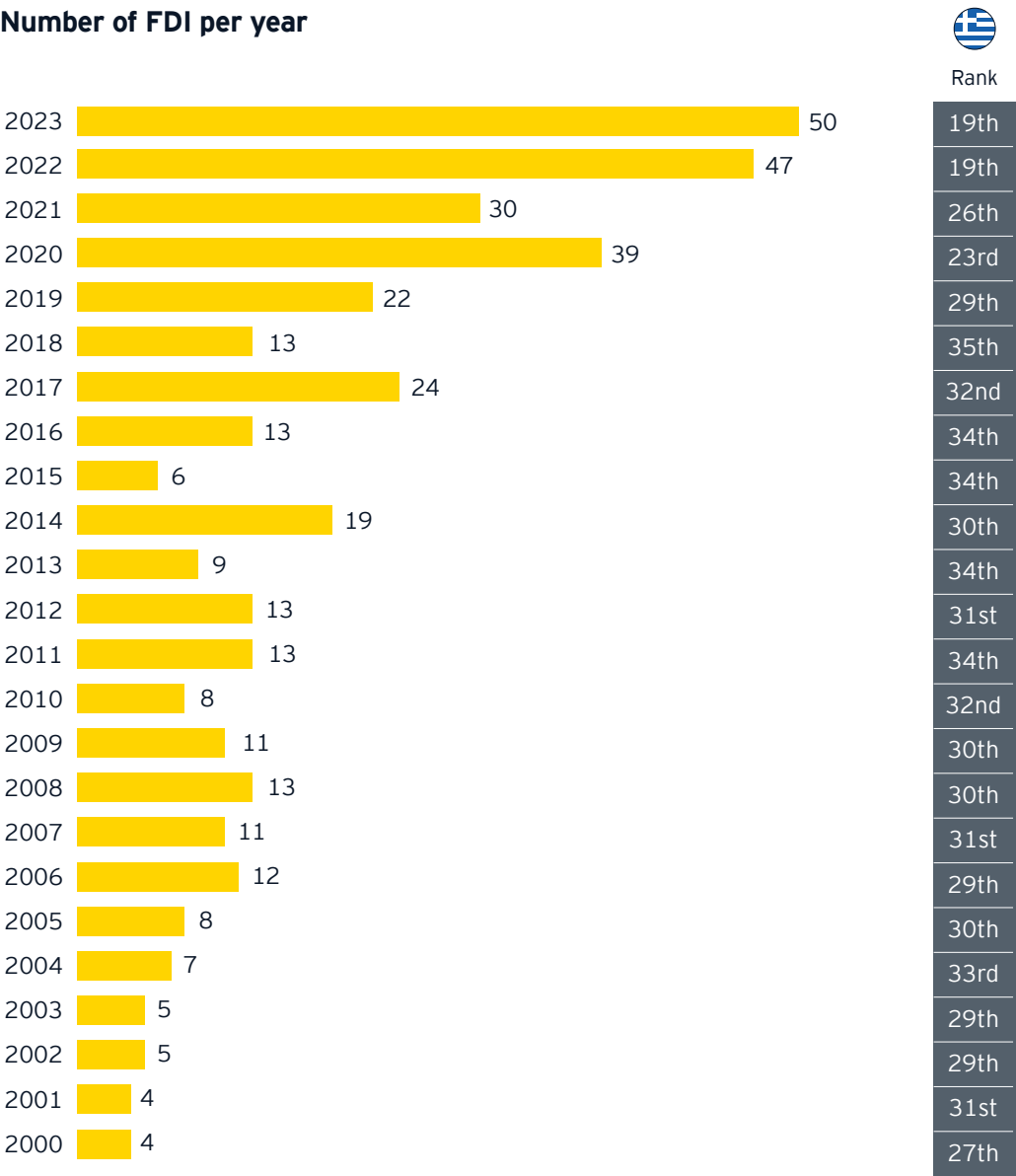


New FDI increase in Greece in 2023

While the EY European Investment Monitor (EIM) reports a 4% decrease in FDI across Europe, Greece has experienced a 6% increase in investments, rising from 47 projects in 2022 to 50 in 2023. This represents the highest number of investment projects announced for Greece since the European survey began in 2000. These investments account for 0.88% of the total number of investments in Europe, up from 0.79% last year and 0.51% in 2021, positioning Greece

at 19th place among the 45 countries that were part of the EIM, up from 26th place in 2021. Notably, until 2019 Greece was consistently among the bottom 15 countries, with the exception of one year. Additionally, the cumulative investments from the past two and three years represent 25% and 33% respectively, of the total investments recorded since 2000 - the year the program was first launched.

Number of FDI per year



Source: EY European Investment Monitor 2024

External viewpoint



Marinos Giannopoulos
CEO, Enterprise Greece

What does it take for Greece to become a preferred investment destination in Southeast Europe?

Greece is for one more year among the world’s top investment destinations, as this year’s EY survey also attests. Having recorded €5 billion of new FDI during 2023, the country achieved a 10% increase in new FDI investments in the first quarter of 2024, compared to the same period in 2023. At the same time mergers and acquisitions in 2023 set a record, reaching €6 billion during the year. The Greek economy has also achieved the investment grade, thus giving a very strong signal of its economic achievements to international markets and the global investment community. Overall, the significant upgrading of the country’s economic profile, the consolidation of a stable and safe investment environment, its geostrategic

position, its high-level human resources, its significant network of infrastructure now in operation, the constantly developing investment sectors and their corresponding incentives, the established Greek innovation ecosystem, altogether unarguably render Greece today the preferred investment destination of Southeast Europe, perhaps in the wider region too, and as recent evidence shows. Additionally, and in order to strengthen its current position, we believe that Greece, among other things, will have to continue its infrastructure upgrade, utilizing the increased EU funds currently at its disposal, and at the same time persevere with the reforms that will improve further the investment environment.

Ongoing improvement in the qualitative composition of investments

In recent years, alongside the increase in the number of investments, the survey has also recorded a clear improvement in their qualitative composition, both in the type of activity and in the sectors of the economy in which they are directed. Specifically, a significant share of investments is now directed toward knowledge-intensive activities with relatively high value-added sectors, which can play a crucial role in transforming the country’s economic model. This trend is also confirmed by the 2023 data.

Regarding the type of activity, business services lead the way (48%, up from 26% last year), followed by logistics (14%, up

from 6% last year) and manufacturing (12%, up from 6% last year, though still significantly below the European average of 31%). Sales and marketing offices also account for 12%, a relatively low value-added activity – a characteristic of economies in the early stages of development – compared to 44% during the 2000-22 period.

A decrease in the share of companies’ headquarters is a negative development, from 11% in 2022 to 4% in 2023 (matching the European average), while research and development fell from 11% to 2% (compared to 9% across Europe).

Activity	Greece 2023	Greece 2022	Greece 2000-22	Europe 2023
Business services*	48%	26%	8%	28%
Logistics	14%	6%	8%	9%
Manufacturing	12%	6%	18%	31%
Sales & marketing	12%	13%	44%	15%
Headquarters	4%	11%	6%	4%
Education & training	4%	2%	1%	1%
Contact centers	4%	-	2%	1%
Research and development	2%	11%	7%	9%
Internet data centers	-	13%	3%	0.4%
Shared services center	-	13%	2%	1%
Testing & servicing	-	-	1%	1%

*The category was included for the first time in 2020.
Source: EY European Investment Monitor 2024

Among the sectors that attract the most investments, software and IT services remains at the top with 24% of the total, down from 40% in 2022, but still higher than the European average

of 17%. Business services and professional services (16%) and transportation and logistics (16%) also had a significant presence.

Sector	Greece 2023	Greece 2022	Greece 2000-22	Europe 2023
Software & IT services	24%	40%	14%	17%
Business services & professional services	16%	19%	16%	10%
Transportation & logistics	16%	6%	9%	8%
Leisure, culture & tourism	8%	6%	2%	2%
Finance	6%	2%	8%	6%
Pharmaceuticals	6%	-	3%	4%
Utility supply	4%	9%	4%	5%
Agri-food	4%	2%	10%	5%
Consumer products	4%	-	0.3%	2%
Machinery & equipment	4%	-	3%	7%
Transportation manufacturers & suppliers	2%	6%	4%	8%
Health & social work	2%	2%	1%	1%
Chemicals, plastics & rubber	2%	-	4%	4%
Wholesale, retail & distribution	2%	-	2%	2%
Construction	-	2%	2%	3%
Electrical products	-	2%	1%	6%
Oil & gas	-	2%	4%	-
Digital	-	-	5%	-
Furniture, wood, ceramics & glass	-	-	-	2%
Medical devices	-	-	-	2%
Metals & minerals	-	-	1%	3%
Telecommunications	-	-	1%	2%
Textile, clothing & leather	-	-	-	2%
Other	-	-	5%	-

Source: EY European Investment Monitor 2024





The list of countries investing in Greece is growing

According to the EY European Investment Monitor (EIM) data, more countries seem to target Greece as an investment destination, a positive development for the country. In 2023, Greece attracted investments from 22 countries, up from 16 in 2022 and 12 in 2021. The United States remains in the first place, accounting for 28% of total foreign direct investments, down from 40% last year. Other leading investors are the United Kingdom (8%), Italy (8%), Germany (6%), and Belgium (6%).

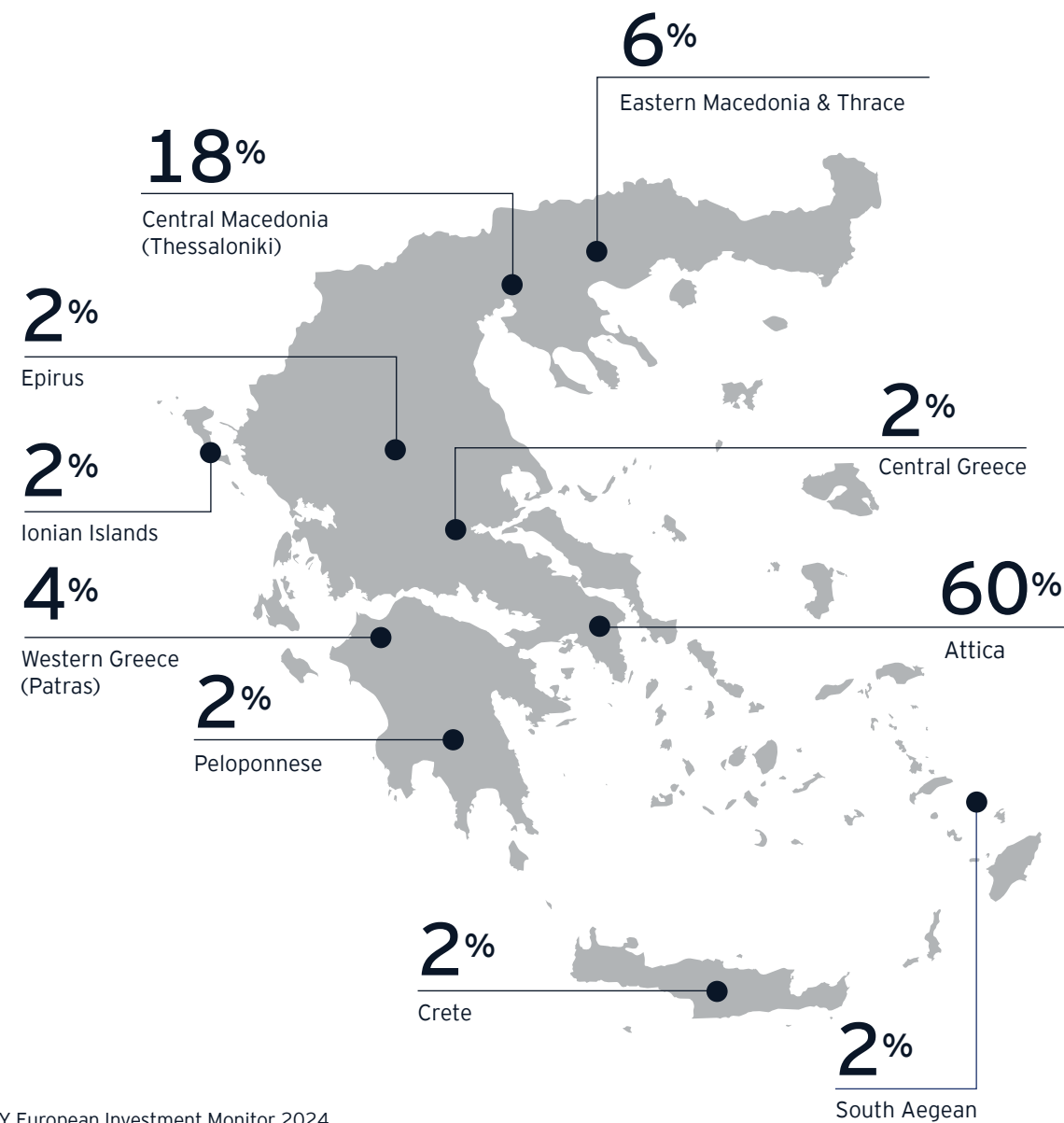
	Share 2023	Share 2022
USA	28%	40%
United Kingdom	8%	11%
Italy	8%	4%
Germany	6%	13%
Belgium	6%	2%
France	4%	4%
Netherlands	4%	2%
Switzerland	4%	2%
Norway	4%	-
Austria	2%	2%
Romania	2%	2%
Japan	2%	2%
Luxemburg	2%	2%
Denmark	2%	-
Bulgaria	2%	-
Canada	2%	-
Gibraltar	2%	-
Jordan	2%	-
Lebanon	2%	-
Malta	2%	-
Monaco	2%	-
Portugal	2%	-
Unknown	2%	-
Spain	-	4%
Saudi Arabia	-	4%
Cyprus	-	2%
United Arab Emirates	-	2%
India	-	-
Israel	-	-
Türkiye	-	-

Source: EY European Investment Monitor 2024

Greater geographical dispersion of investments among regions in Greece

A notable development is the increase in dispersion of investments across regions in Greece. The share of investments in Attica has decreased to 60% from 62% in 2022, and 70% in 2021. Central Macedonia, specifically Thessaloniki,

attracted 18% of investments, compared to 19% and 10% in 2022 and 2021, respectively, while eight other regions attracted investment projects in 2023, up from four in the two previous years.



Source: EY European Investment Monitor 2024



External viewpoint



Loukia Saranti
President, Federation of Industries of Greece (SBE)

What are the advantages of the Greek regional units that we should highlight in order to further strengthen foreign investment inflow toward them?

It is a fact that industries create added value, constantly invest, and attract significant flows of direct foreign investments. It is estimated that in 2022, €1.5 billion flowed into manufacturing, covering almost 19% of the total direct foreign investments in the country. Many profitable businesses are active in the regional units of Greece, with their proximity to countries in the Balkans, Central and Southeast Europe being an asset regarding the attraction of foreign investments. However, there is a lack of infrastructure, despite the possibilities for further development. Unfortunately, the disparities between the center and regional units

in Greece, significantly enhance the aforementioned scarcities. Therefore, well-staffed ports, a complete railway network with passenger and freight trains, modern road infrastructure and an upgraded power grid and data network are necessary conditions for enhancing growth, thus increasing foreign investments.

The issues of regional development and the reduction of developmental unilaterism rank high on the SBE agenda and we will continue to work systematically in this regard.

Perceptions about Greece



The EY Attractiveness Survey Greece has now been conducted for six consecutive years, capturing the global investment community's perceptions on the country's attractiveness as an investment destination. The findings collected during this period could serve as a basis for an in-depth analysis of business investment intentions, the country's comparative advantages and disadvantages, and the progress made in recent years. The survey also highlights areas where further interventions are needed to maintain and enhance Greece's competitiveness in attracting investments.

As in previous years, the findings for Greece are compared with those of the European survey, in cases that the questions were common. Although the surveys were conducted by the same provider and during the same period, comparisons should be approached with caution, as variations in demographic data, sample size, and the sequence of questions may have influenced the results. It should also be noted that the surveys were conducted before the European Parliament elections and any changes in investors' sentiment that may have resulted.

This year's survey for Greece recorded the views of 250 business representatives, one of the largest samples among the national surveys. Out of those 250 respondents, 151 represent companies already established in Greece (60% of the sample, as last year), while 99 were from companies that are currently not established in the country.

As in previous years, as well as in surveys conducted in other countries, representatives of companies established in the country tend to have a significantly more positive and

optimistic view of its attractiveness. This discrepancy is likely due to the lower level of awareness or interest in developments in Greece. However, the opposite scenario cannot be excluded either, meaning that these respondents might not have invested in Greece because they have a negative view of the country's attractiveness.

In recent years, there has been a gradual convergence between the views of these two subgroups on critical indicators, with the opinions of those not established in Greece improving at a faster rate than those already present in the country. However, in this year's survey, this trend is not as evident, with improvements in many indicators mainly coming from respondents whose companies are already established in Greece.

A second significant differentiation is observed based on the size of companies, with representatives of very large companies (with turnover of more than €1.5 billion) appearing more positive about the attractiveness and prospects of the country compared to those from large companies (turnover between €150 million and €1.5 billion) and small and medium-sized companies (turnover less than €150 million). This differentiation has been noted in previous years as well, both in Greece and in other European countries, likely reflecting the fact that very large companies are in a better position to leverage European policies, particularly the resources of the Recovery and Resilience Facility (RRF), which has been a key tool for promoting investments over the past three years.

03

Investment “appetite” in Greece reaches historic high

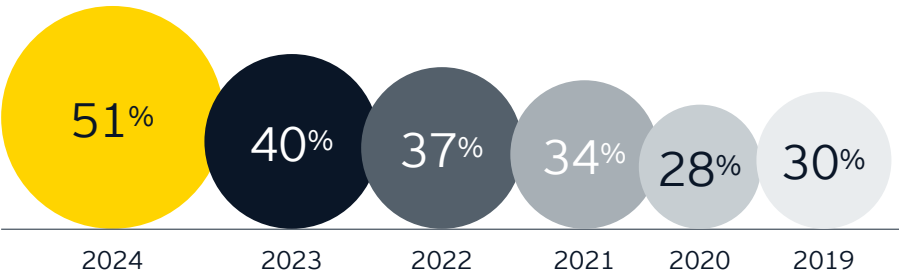
One in two respondents (51%) stated that their company plans to establish or expand its operations in Greece over the next year. This is the highest-ever performance for this crucial indicator, which has significantly increased from 30% in the first year that the Greek survey was published, in 2019.

This is a particularly important finding, as this indicator measures the actual intention to establish or expand existing

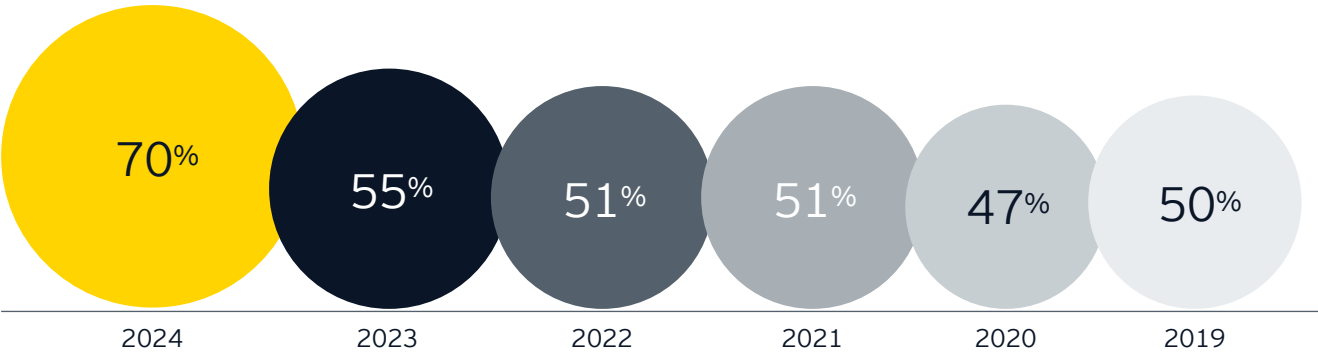
operations, rather than a theoretical assessment of the country’s attractiveness. It is noted that the improvement in the indicator comes both from respondents whose companies are already established in Greece (70%, up from 50% in 2019) and those that do not have an investment presence in the country (23%, up from 4% in 2019).

Does your company have plans to establish or expand operations in Greece over the next year?

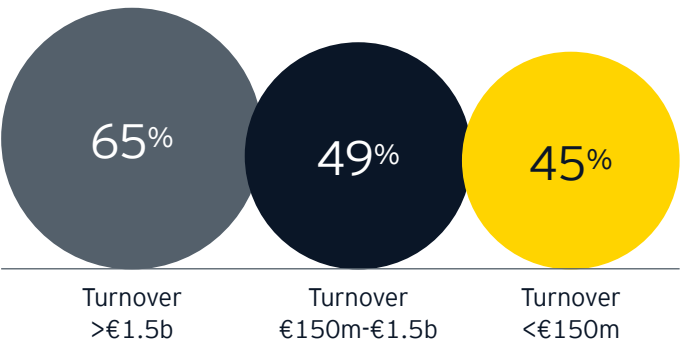
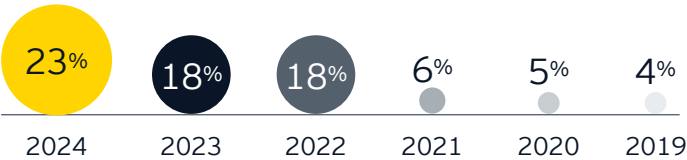
Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Established in Greece



Not established in Greece



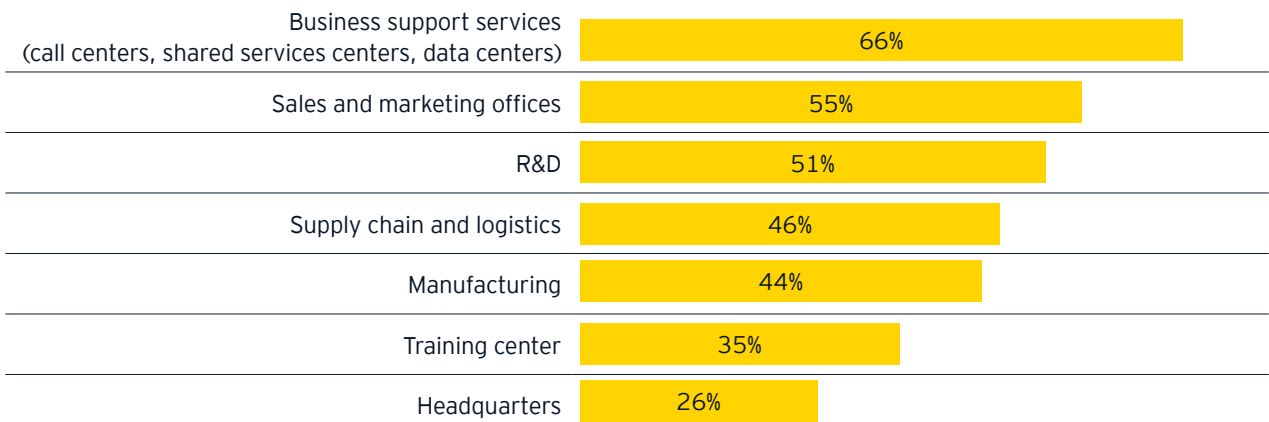
It should be noted, however, that the intention to invest is significantly higher among representatives from very large companies. Nonetheless, the percentage among small and medium-sized companies (SMEs) has also increased from 20% last year to 45% in 2024.



Respondents whose companies plan to establish or expand their operations in Greece over the next year, are mainly directed toward business support services (66%) and sales and marketing offices (55%). Research and development (R&D - 51%) ranks third, whereas it is the top priority for three out of four respondents (72%) at a European level. Finally, one out of four (26%) plans to establish headquarters in Greece, compared to 49% in Europe.

What operations are you planning to establish or expand? (selection of all that apply)

Sample: 128 respondents, whose company has plans to establish or expand operations in Greece over the next year



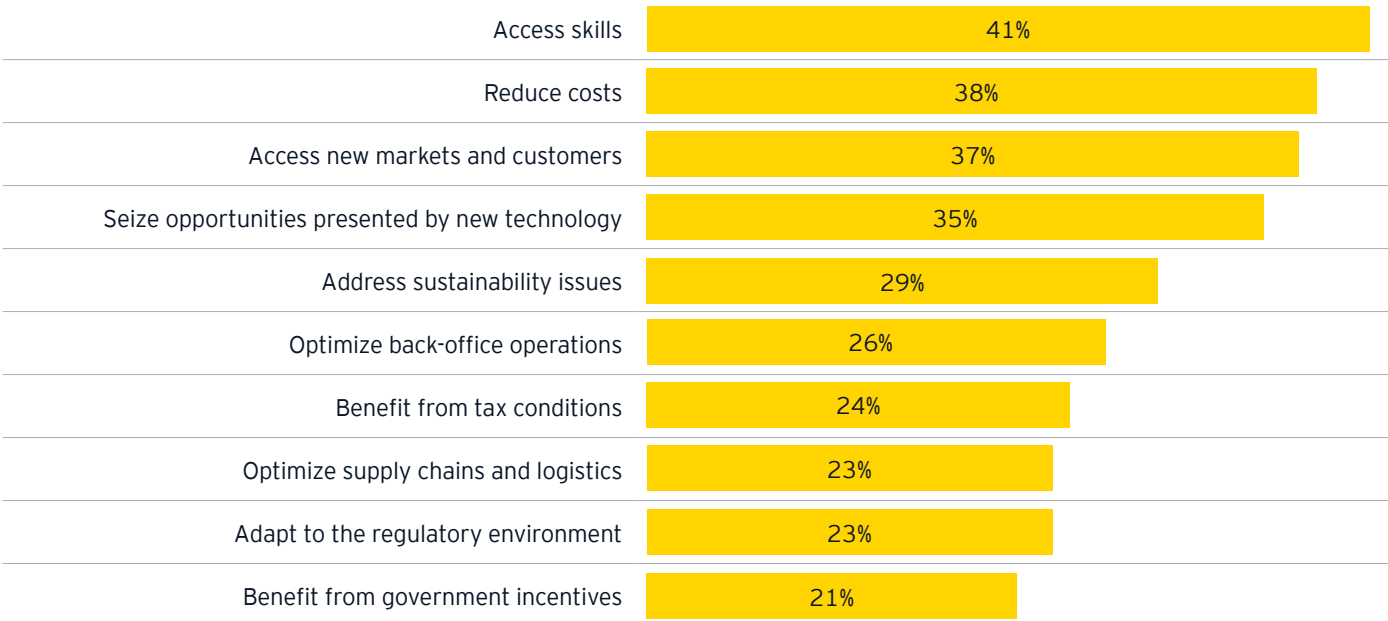


Access to human capital as a key investment reason

Respondents with plans to establish or expand their operations were also asked about the main reasons behind their decision. Two out of five participants (41%) cited access to skills as the main reason, suggesting that Greece attracts companies that consider skills as a critical factor. Other significant reasons included cost reduction (38%), access to new markets and customers (37%), and seizing opportunities created by new technology (35%). On the other hand, benefit from tax conditions (24%), optimizing supply chains and logistics (23%), adapting to the regulatory environment (23%) and benefits from government incentives (21%) are seen as relatively minor reasons.

What are the main reasons for establishing new or expanding existing operations? (up to three options)

Sample: 128 respondents, whose company has plans to establish or expand operations in Greece over the next year



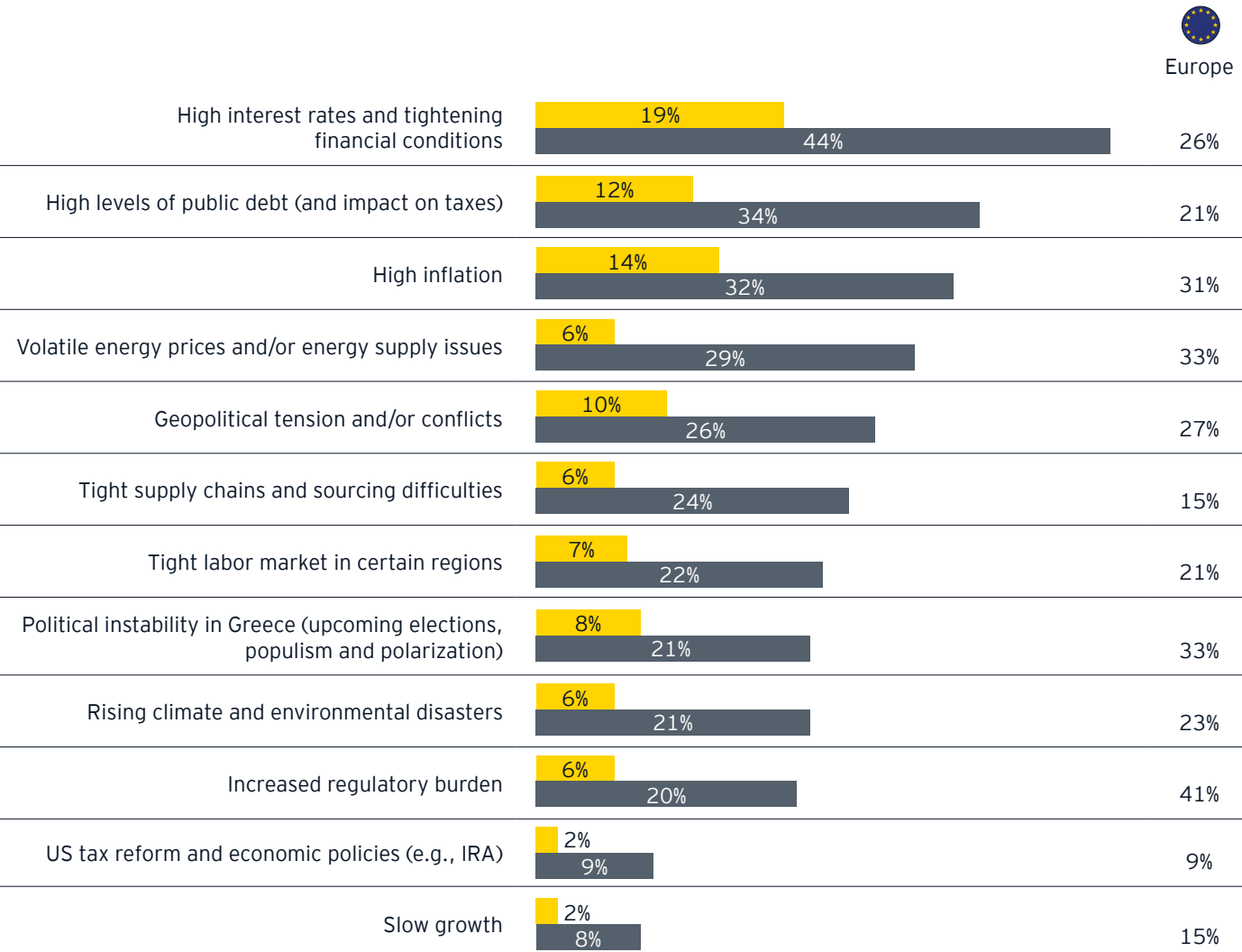
High interest rates seen as the primary threat to Greece's attractiveness over the next three years

High interest rates and tightening financial conditions are identified as the main risk that could affect the country's attractiveness over the next three years. One out of five respondents (19%) listed this as their top concern, while a total of 44% included it among the three main risks. Additionally, a large percentage of participants expressed concerns about the high levels of public debt and its impact on taxes (34%), indicating that despite the debt's decline, it is still seen as an issue. High inflation is a concern for 32% of respondents, similar to the European average (31%). It is noteworthy that, in a question that was phrased in a slightly different way last year, regarding the main risk factors affecting investment plans in Greece for 2023 (as opposed to the next three years), inflation was identified as the top risk.

The ranking differs significantly from the European survey. In Europe, the three main risks identified were the increased regulatory burden (41%), the volatile energy prices and/or energy supply issues (33%), and political instability in Europe (upcoming European elections, populism, etc. - 33%).

What are the three main risks affecting Greece's attractiveness over the next three years? (top three options)

Sample: 250 respondents - 151 established in Greece, 99 not established in Greece



Rank 1 Total

Factors influencing investment destination decisions

Participants were asked to identify the most important factors when choosing to invest in Greece.

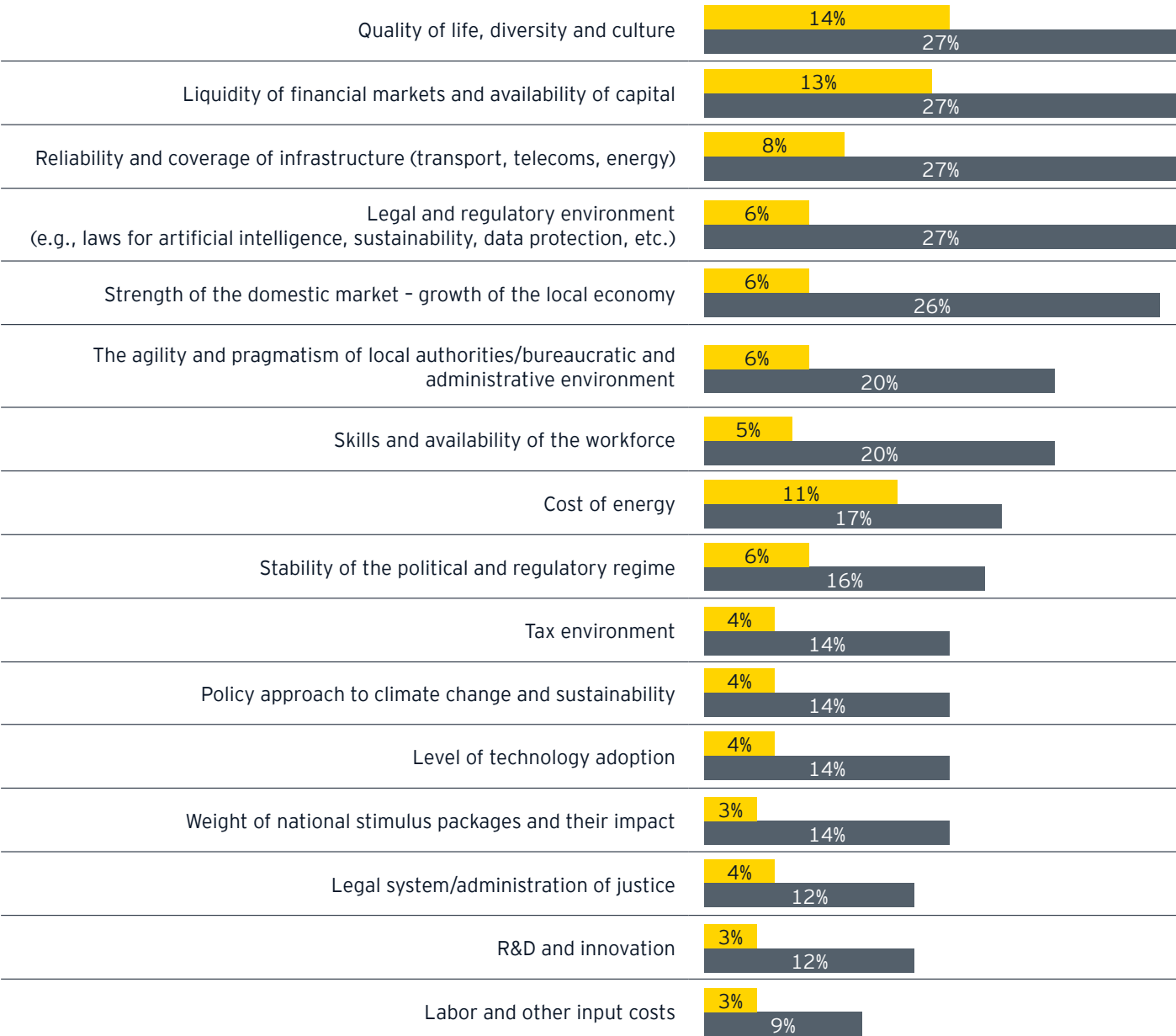
Quality of life, including aspects such as diversity and culture, was ranked as the most important factor (14%), while it also ranked first in the overall responses (27%). Four factors received similar or comparable levels of total mentions:

- a) liquidity of financial markets and availability of capital,
- b) reliability and coverage of infrastructure (transport, telecoms and energy),
- c) the legal and regulatory environment (e.g., laws on artificial intelligence, sustainability, data protection, etc.),
- and d) the strength of the domestic market and growth of the local economy.

Which factors are the most important when choosing a country to invest in?

(top three options)

Sample: 250 respondents - 151 established in Greece, 99 not established in Greece



Rank 1 Total

These findings differ significantly from those of the European survey. Factors that are considered important at a European level, such as cost of energy (26%), policy approach to climate change and sustainability (23%), R&D and innovation (21%), the level of technology adoption (21%) and labor and other input

costs (20%) received comparatively fewer mentions in the Greek survey.

It is important to highlight that this question was addressed to all participants, regardless of whether they plan to invest or not.



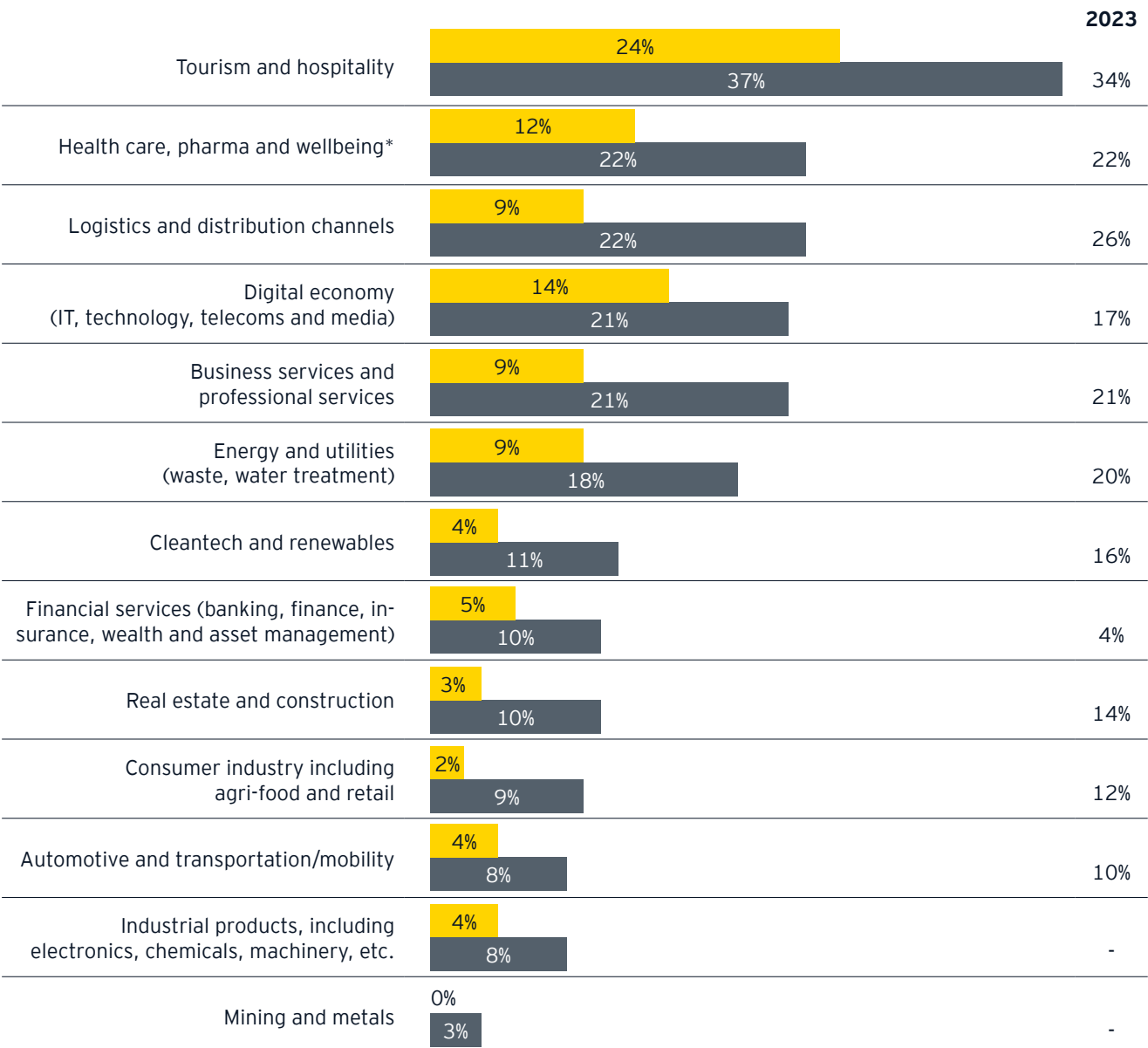
Tourism, health and logistics seen as key drivers of growth for Greece

Tourism and hospitality continue to be viewed as the top sector that will drive the growth of the Greek economy in the coming years. One out of four respondents (24%) identified this sector as the main pillar of development, while more than one in three (37%) included it among the two most important sectors. However, it is noteworthy that in 2019, the overall percentage for tourism was 69%. This decrease may indicate a shift in the country’s developmental narrative.

Health care, pharma and wellbeing, as well as logistics and distribution channels are seen as promising areas, both with 22% of total mentions, while 12% and 9% of respondents, respectively, identified these sectors as top growth drivers. Several other sectors, including the digital economy, business services and professional services, and energy and utilities, also received notable mentions.

Please rank the top two business sectors that you expect to drive Greece’s growth in the coming years.

Sample: 250 respondents - 151 established in Greece, 99 not established in Greece



Rank 1 Total

* This option was given to respondents as “Health care and wellbeing” in 2023.



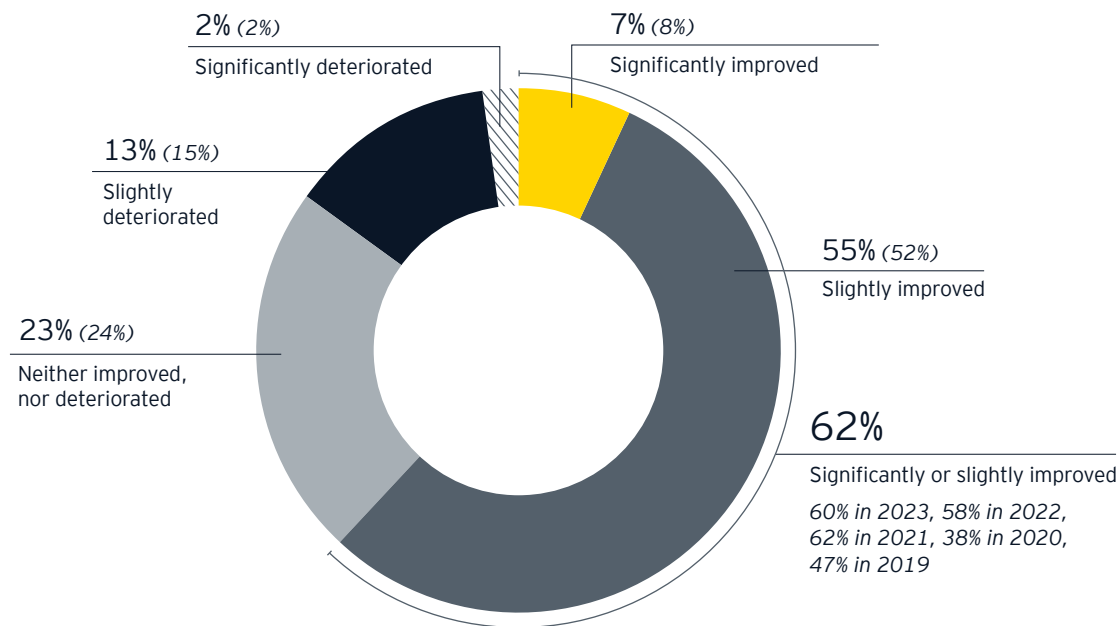
Perception about Greece continues to improve ...

As per every year, participants were asked how their view of Greece has changed over the last twelve months as a location that their company might establish or expand activities. Sixty-two percent of respondents indicated that their perception has improved, 7% of which noticed a significant improvement. Responses to this question have been steadily improving

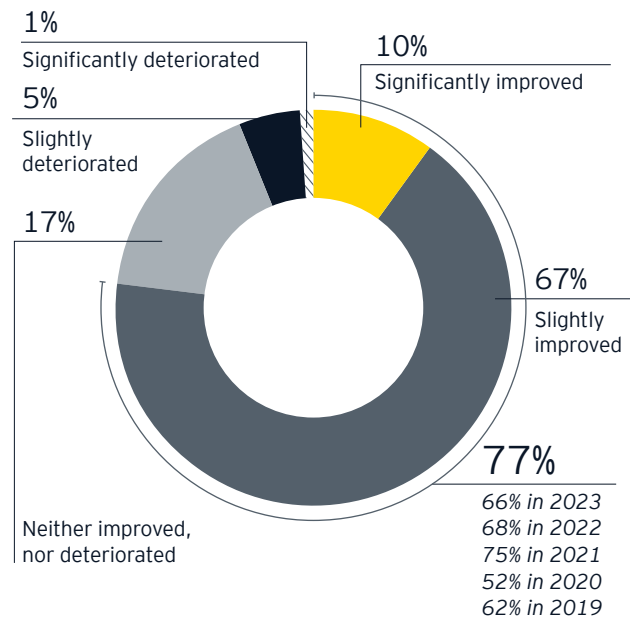
since 2019 – a year that largely marked Greece's exit from the financial crisis and bailout programs – when only 47% of respondents indicated their perception had improved. However, it is important to note that among businesses not yet established in Greece, positive answers have decreased this year to 39%, down from 48% last year.

Over the past year, how has your perception of Greece as a location where your company might establish or develop activities changed?

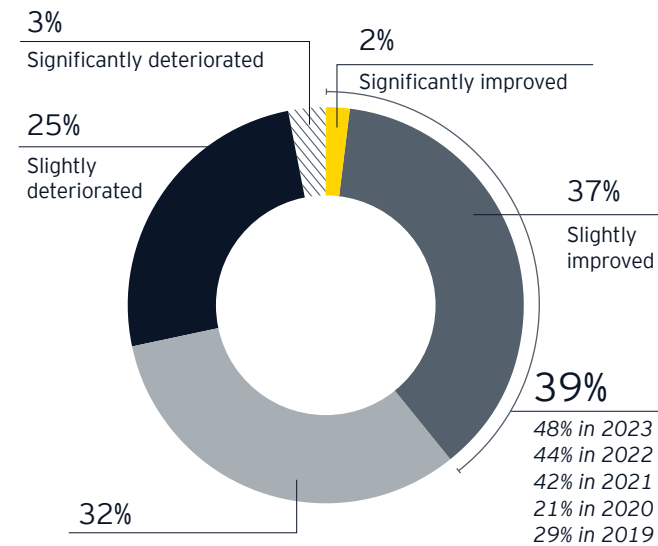
Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Established in Greece



Not established in Greece



Significantly improved Slightly improved Neither improved, nor deteriorated Slightly deteriorated Significantly deteriorated

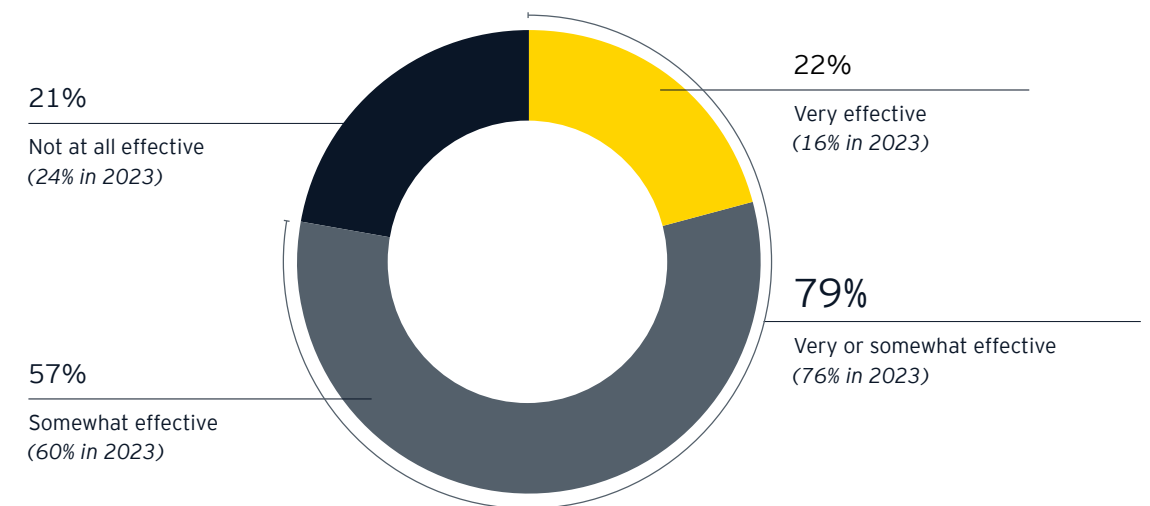
... as a result of the country's policies

The improvement of Greece's image as a potential investment destination seems to be linked to the implementation of effective policies aimed at attracting international investors. Overall, 79% of participants described the country's attractiveness policy as effective, up from 76% in 2023. Among these, 22% (up from 16% last year) consider it to be very effective.

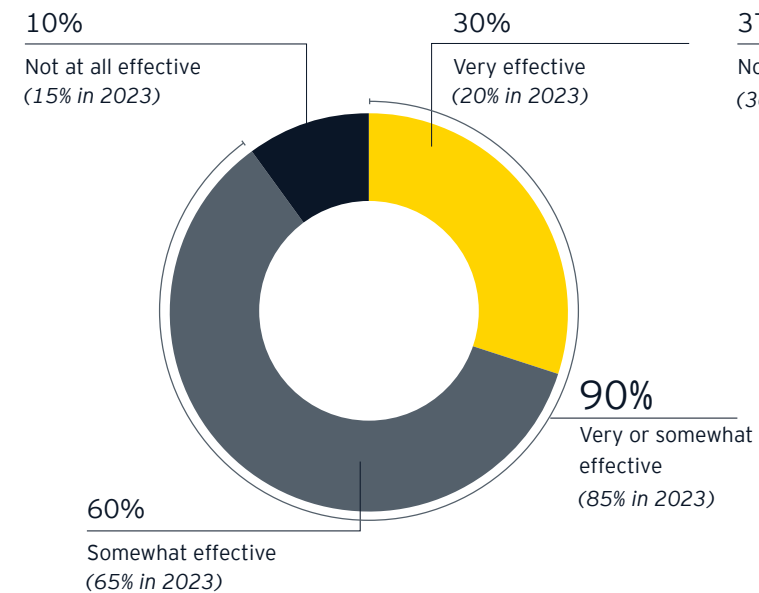
Among respondents that already have investment presence in Greece, positive perceptions increased from 85% to 90%. In contrast, among respondents whose companies are not yet established in Greece, positive perceptions remain stable at 63% this year, compared to 64% in 2023. Additionally, very large companies held positive views (87%), compared to 75% of large companies, and 78% of small and medium-sized enterprises.

How effective is Greece's attractiveness policy at attracting international investors?

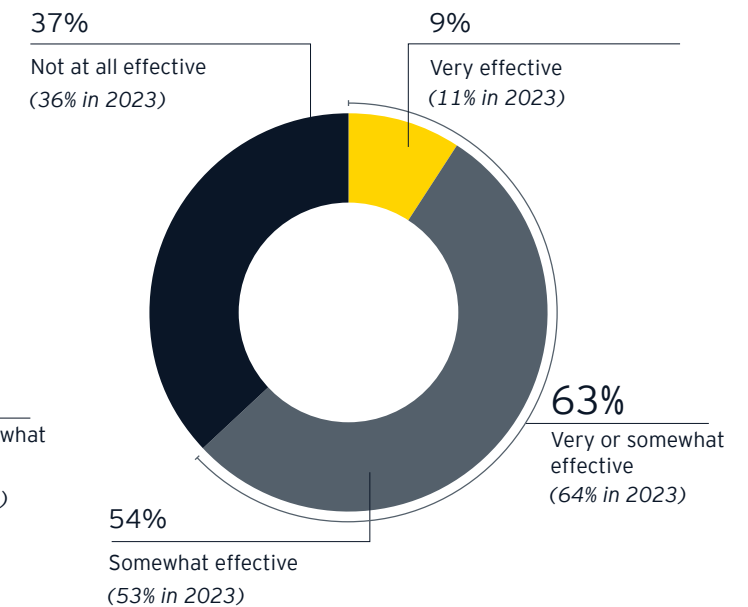
Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Established in Greece



Not established in Greece



Very effective Somewhat effective Not at all effective

Mixed ratings on specific aspects of the attractiveness policy

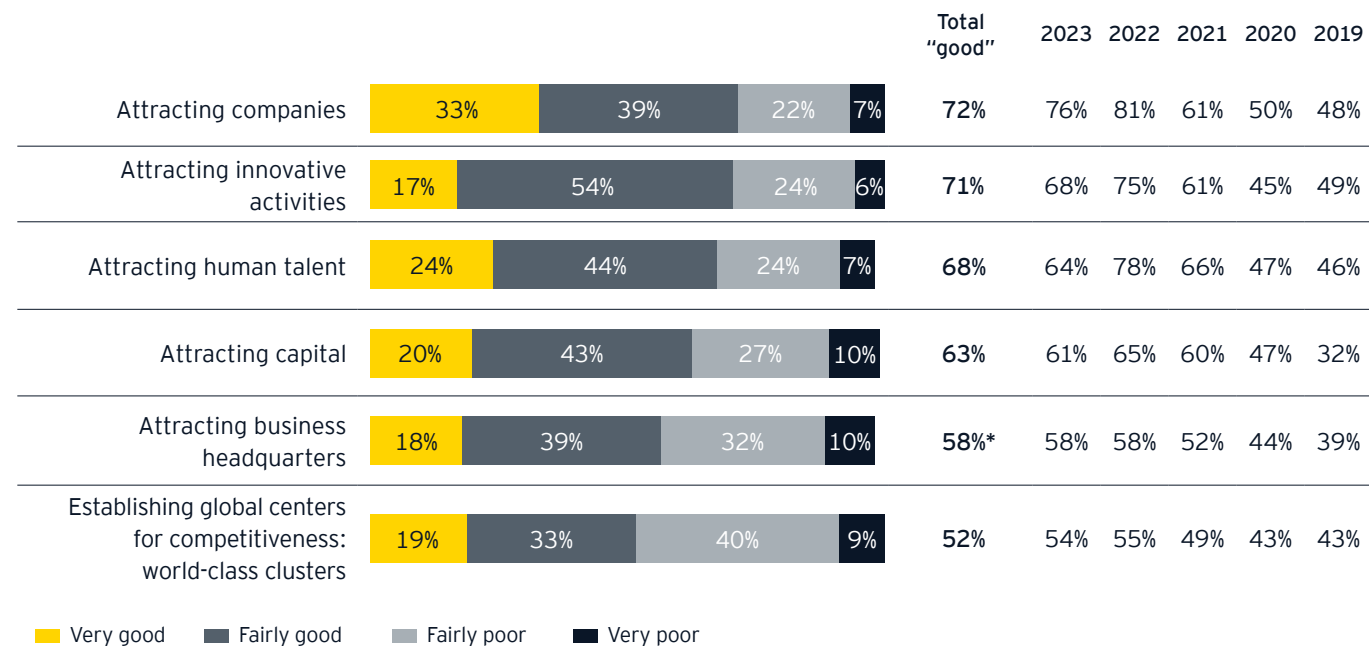
Respondents were also asked to evaluate several aspects of the country’s policy aimed at enhancing its attractiveness. As in previous years, with the exception of 2021, Greece appears to perform best in attracting companies (72%). Policies for attracting innovative activities (71%) and human talent (68%) are also highly rated. Overall, three out of the six aspects of the attractiveness policy showed improvement compared to

2023, while the remaining three received slightly lower or comparable ratings than last year.

However, it is important to note that there is a significant improvement in Greece’s performance over time since 2019, when none of these aspects exceeded 50%.

Regarding different aspects of Greece’s performance, in your opinion, is Greece’s level of performance very good, fairly good, fairly poor or very poor for each of the following?

Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



*Percentages may not total 100% due to rounding



Optimism for Greece’s attractiveness in the coming years is steadily increasing

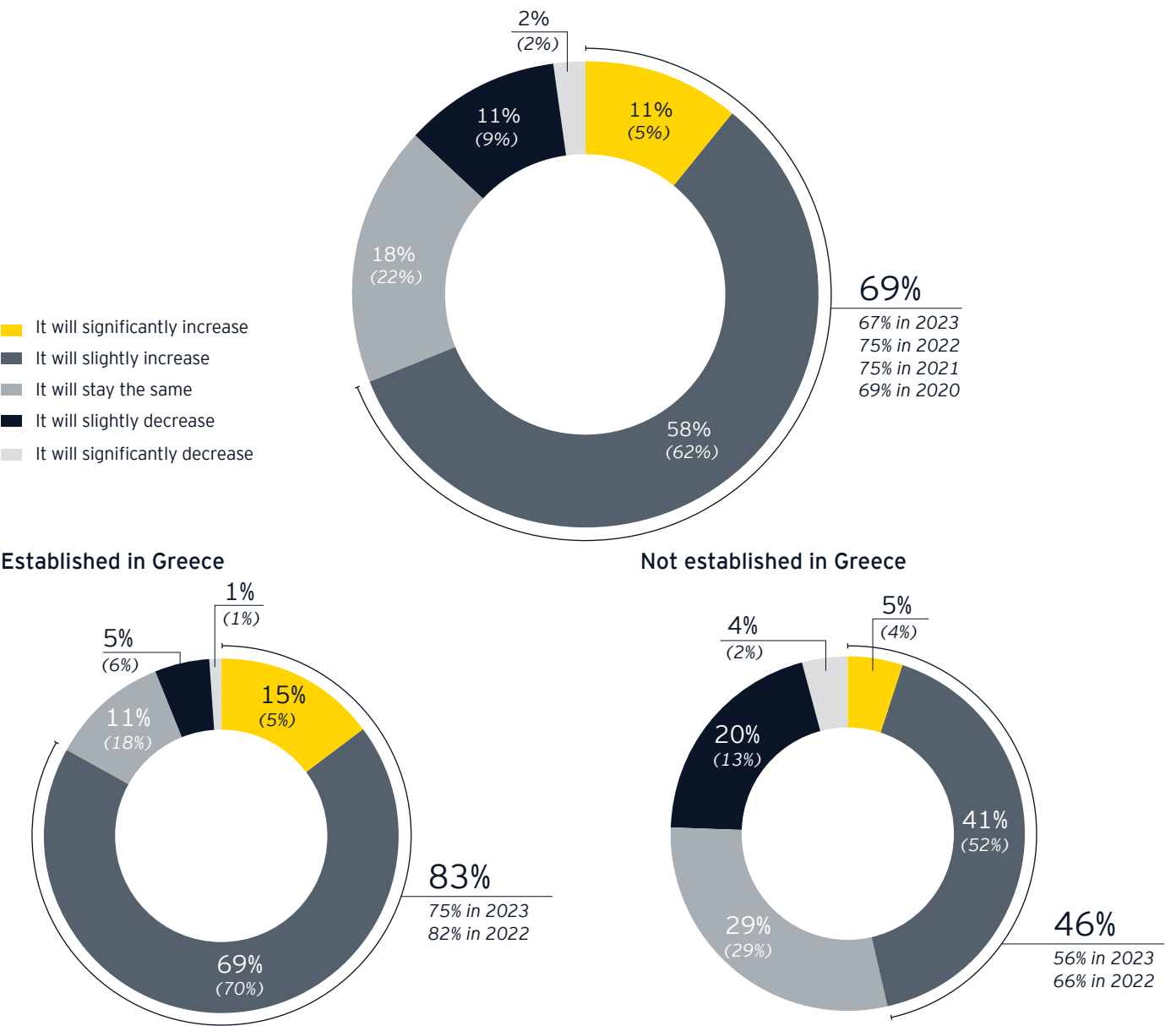
Last year’s survey recorded a decline in the percentage of respondents who believed that Greece’s attractiveness would increase over the next three years. This year, there is a slight improvement in this indicator, with 69% of respondents expecting increase, compared to 67% last year. Among them, 11% (up from 5% last year) anticipate significant increase. However, the percentage of those expecting a decrease in attractiveness has also slightly increased from 11% to 13%.

from 75% (expecting increase), and to 15%, up from 5% last year (expecting significant increase). When asking respondents from companies not yet established in Greece, the overall percentage has decreased to 46% (from 56% in 2023), with only 5% expecting significant improvement (up from 4% last year). As in other questions, it is observed that the improved image of Greece among non-established companies has stalled, confirming the need for a more systematic promotion of the changes that are taking place to the global investment community.

For respondents whose companies are already established in Greece, the respective percentages have improved to 83%,

How do you expect Greece’s attractiveness to evolve over the next three years?

Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Infrastructure, geographical location, and strong sustainability agenda as key advantages of the country

Participants who expect Greece's attractiveness to increase over the next three years were asked to identify the main factors on which their optimism is based. Quality of infrastructure is leading the list as last year (42%, up from 39% in 2023), followed by the country's strategic geographical location, in second place with 35% of mentions, up from the fifth place with 28% last year. This reflects a broader shift among investors toward countries in the periphery of Europe and possibly away from the war in Ukraine.

A strong sustainability agenda (34%) remains in third place, confirming that the country's shift toward renewable energy sources is appreciated. Opportunities for R&D (31%) also rank highly, as does the availability of high-skilled talent pool (28%), although this figure has decreased by four percentage points compared to last year. Lower down the rankings are investment-friendly policies (22%), tax incentives (22%), and availability of funding options, including RRF (14%).

Why do you expect Greece's attractiveness to increase? (selection of all that apply)

Sample: 172 respondents, expecting Greece's attractiveness to increase

		2023
Quality of infrastructure	42%	39%
Strategic geographical location	35%	28%
Strong sustainability agenda	34%	31%
R&D opportunities	31%	30%
Availability of high-skilled talent pool	28%	32%
Mid to long-term GDP growth expectation	26%	26%
Political stability	24%	15%
Investment-friendly policies	22%	24%
Tax incentives	22%	20%
Availability of funding options including Recovery and Resilience Facility (RRF)	14%	17%

Political and regulatory uncertainty, as well as lack of a skilled talent pool seen as main concerns

Participants who expect Greece's attractiveness to decrease cited the main reasons as political and regulatory uncertainty (48%), a lack of skilled talent pool (45%), and a reduction in market size (39%). A large number of respondents also mentioned incentives available in other countries (24%, up from 12% last year) and the public debt (21%, up from 8%).

In contrast, there has been a noticeable decrease in unfriendly investment policies (12%, down from 27%) and bureaucratic constraints (12%, down from 19%). It should be noted, however, that since this sample is relatively small, it is does not lend itself for drawing safe conclusions.

Why do you expect Greece's attractiveness to decrease? (selection of all that apply)

Sample: 33 respondents, expecting Greece's attractiveness to decrease

		2023
Political and regulatory uncertainty	48%	50%
Lack of skilled talent pool	45%	54%
Reduction in market size	39%	42%
Increased regulatory burden	36%	42%
Increased costs	33%	46%
Incentives elsewhere	24%	12%
Public debt	21%	8%
Mid to long-term GDP growth expectation	15%	27%
Unfriendly investment policies	12%	27%
Bureaucratic constraints	12%	19%
Lacking culture of innovation/limitations in establishing R&D activities	9%	12%



Good performance in critical areas, with the exception of taxation

As in previous years, respondents were asked about various critical factors influencing the country’s attractiveness. This year, the areas in question are sustainability, electricity, technology, talent, and taxation.

While in previous years participants had to compare Greece’s performance with other countries, this year the country was assessed independently on a four-point scale (very good to very poor). Consequently, these findings are not suitable for detailed year-on-year comparisons.

For four out of these five thematic areas, Greece’s overall performance can be considered satisfactory, as more than half of the respondents rated the performance in each area as mainly “good” or “very good”, with the average percentage of positive responses ranging between 61% and 63%. The exception is the taxation area, where the average percentage of positive responses stands at 53%.

Sustainability: high participation of renewable energy sources in the energy mix

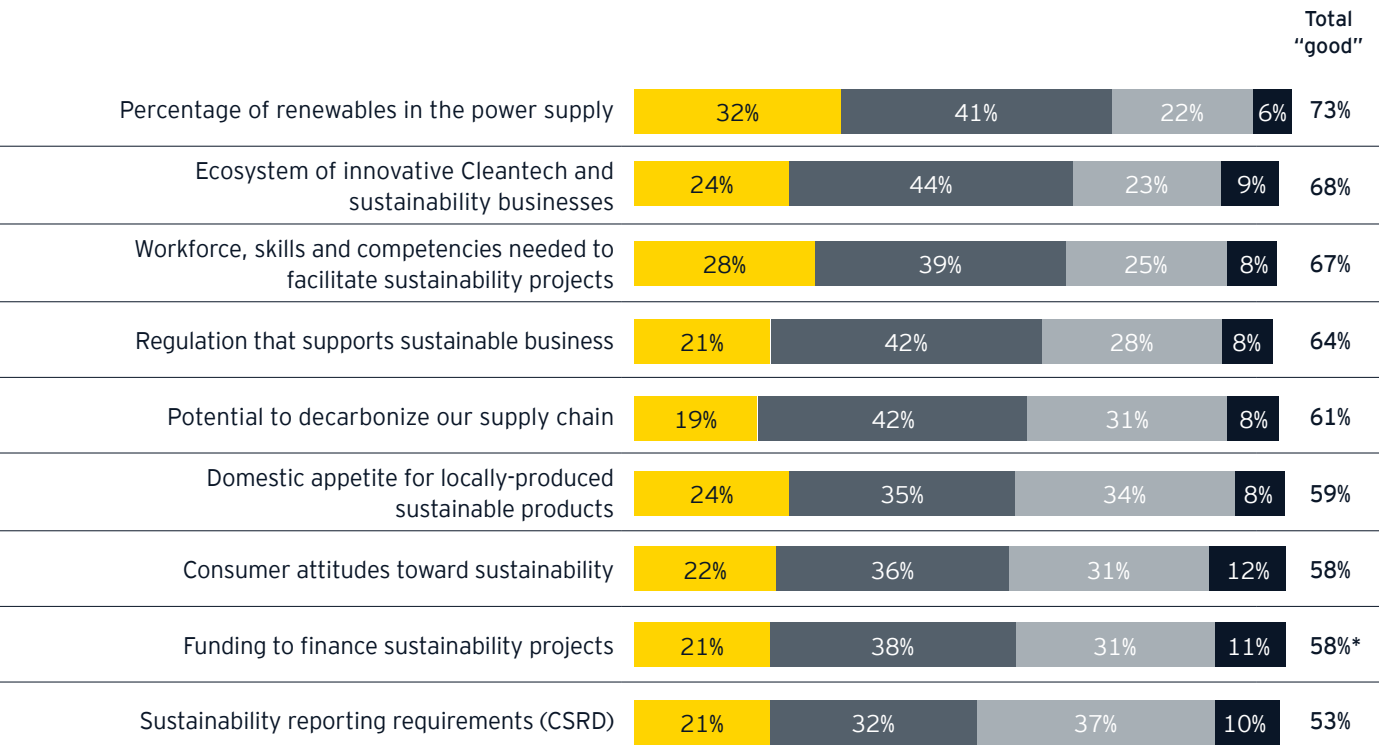
Among sustainability-related criteria, the percentage of renewables in the power supply ranked first in positive rates with the share of renewables among the highest in Europe, particularly in electricity production, while there are significant investment opportunities in clean energy. The ecosystem of innovative Cleantech and sustainability businesses also received positive evaluations (68%), as did the workforce,

skills and competencies needed to facilitate sustainability projects (67%).

Investors are somewhat less positive about consumer attitude toward sustainability (58%) and sustainability reporting requirements (CSRD - 53%), where Greek legislation has not yet fully incorporated European directives.

How do you rate Greece's performance with regard to the following sustainability-related factors?

Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Very good Fairly good Fairly poor Very poor

*Percentages may not total 100% due to rounding



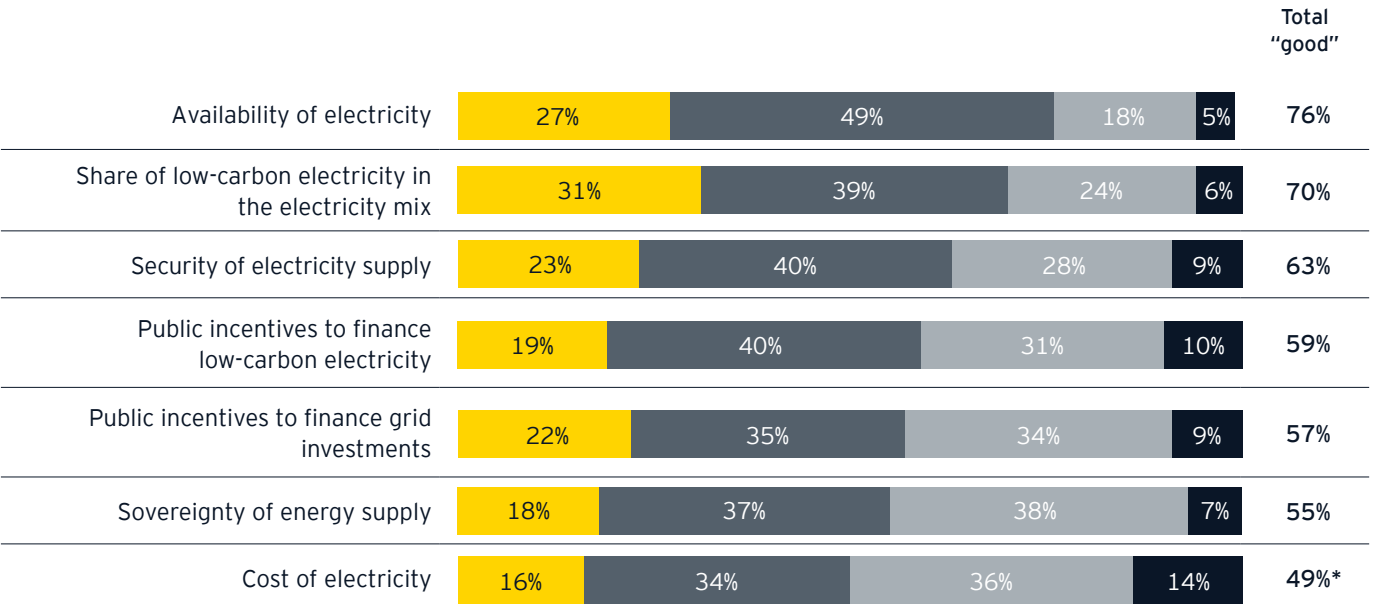
Electricity: adequate availability at a high cost

In a series of options related to electricity issues respondents appear satisfied with the availability of electricity (76%) and the share of low-carbon and renewables in the electricity mix

(70%). However, fewer respondents view the country positively regarding sovereignty of energy supply (55%) and the cost of electricity (49%).

How do you rate Greece's performance with regard to the following factors relating to electricity?

Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Very good Fairly good Fairly poor Very poor

*Percentages may not total 100% due to rounding

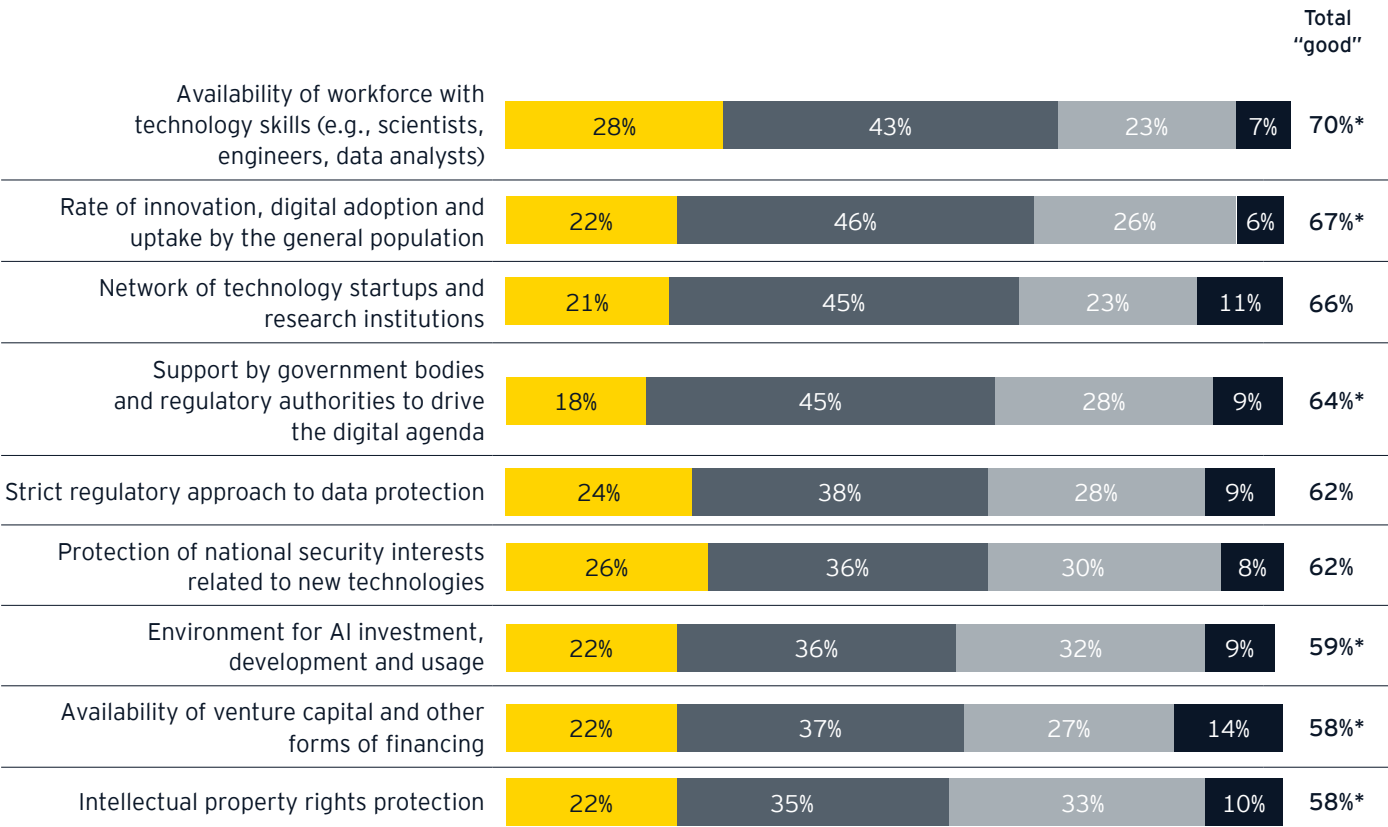
Technology: skilled human resources seen as a strong asset

Regarding technology, participants seem to recognize the availability of a workforce with technology skills such as scientists, engineers and data analysts (70%). They also express positive views about the rate of innovation, digital adoption and uptake by the general population (67%), and the network of technology startups and research institutions (66%).

Respondents are less positive about the existence of an environment for AI investment, development and usage (59%), as well as the level of protection for intellectual property rights (58%).

How do you rate Greece's performance with regard to the following technology-related factors?

Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Very good Fairly good Fairly poor Very poor

*Percentages may not total 100% due to rounding

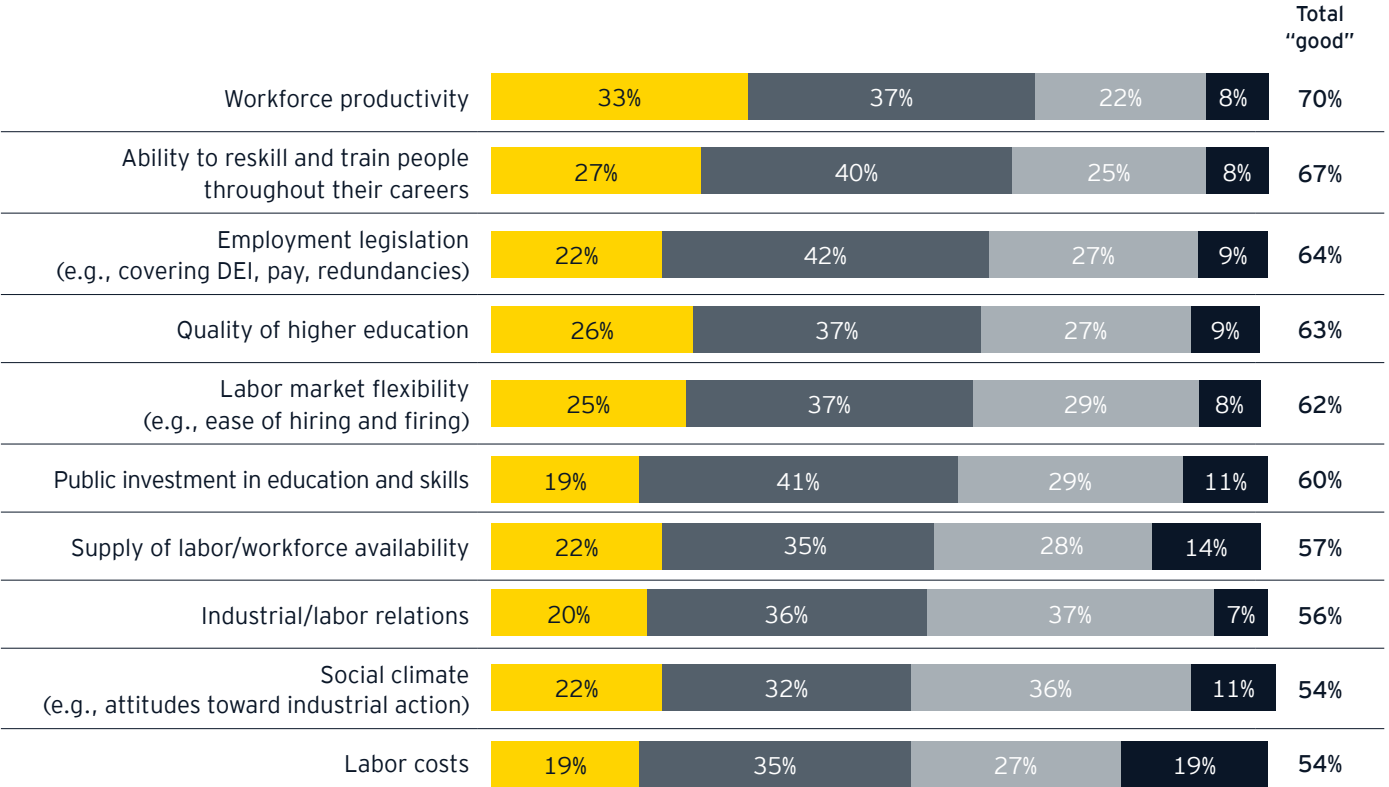
Talent: positive views on workforce productivity

In the critical area of talent, workforce productivity is rated positively (70%), as well as the ability to reskill and train people throughout their careers (67%). On the contrary, concerns

are raised about the broader social climate, such as attitudes toward industrial action (54%), and the labor costs (54%).

How do you rate Greece's performance with regard to the following talent-related factors?

Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Very good Fairly good Fairly poor Very poor

*Percentages may not total 100% due to rounding

Taxation: concerns about the risk of litigation over tax

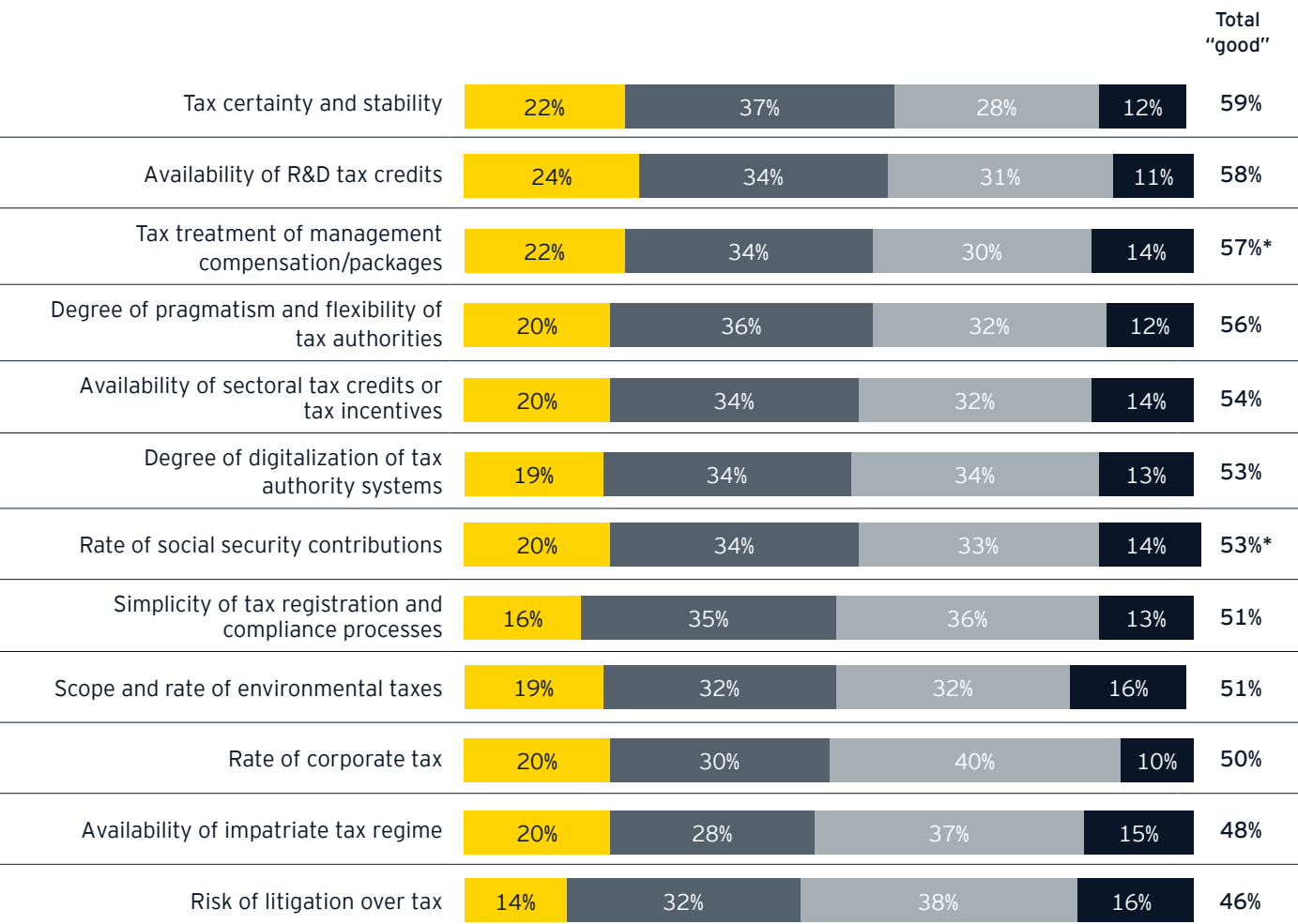
The findings regarding taxation in Greece are less encouraging, with positive opinions ranging from 46% to 59%. Participants view the level of tax certainty and stability relatively positively (59%) and appreciate the availability of R&D tax credits (58%).

(46%). This finding is particularly significant because frequent involvement of litigation in tax disputes, combined with slow judicial processes, acts as a major deterrent for foreign investments.

However, poorly rated areas include the availability of impatriate tax regime (48%) and the risk of litigation over tax

How do you rate Greece’s performance with regard to the following tax-related factors?

Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Very good Fairly good Fairly poor Very poor

*Percentages may not total 100% due to rounding

Human skills, taxation, high technology, and innovation remain key priorities for the fourth consecutive year

As every year, participants were asked to identify the areas where Greece should focus to maintain its competitive position in the global economy. Since the first year of the survey, there has been a remarkable consistency in the key priorities, as ranked by participants, with three issues consistently at the top of the list over the past four years.

The need to develop education and skills and facilitate access to talent (through collaborations with educational institutions, work permits, etc.), is seen as the top priority, with 28% of total mentions. It is noteworthy that this is a merged version of two single options from previous years (develop education and skills, and facilitate access to talent), with the former consistently being among the top three since 2019, and in first place since 2021. Interestingly, in a period of significant human capital shortage, this option only received 12% of mentions and is ranked last in the European survey.

In the second place, for the second consecutive year, is the reduction of taxation – a longstanding demand – with a decreased percentage this year though (27%, down from 28% in 2023 and 33% in 2022).

In the third place, as last year, with 24% of mentions (down from second place the previous two years) is the need to support high-tech industries and innovation, such as Cleantech, technology, healthcare, etc., an issue ranked first in the European survey with 35% of mentions.

It should be noted that these last two issues are a lower priority this year for respondents from companies established in Greece, whereas they are more prominently highlighted by those without a presence in the country. This may suggest that executives from companies with a presence in Greece are seeing improvements in these areas.

The need to support small and medium-sized enterprises ranks steadily in the fourth place since 2022 with 22% of responses this year. Significantly, it emerges as the second key priority in the European survey, with 34% of all mentions.

In the fifth place, three priorities tie, each receiving 17% of the mentions: measures to control inflation, encouraging environmental policies and attitudes, and supporting struggling industries.

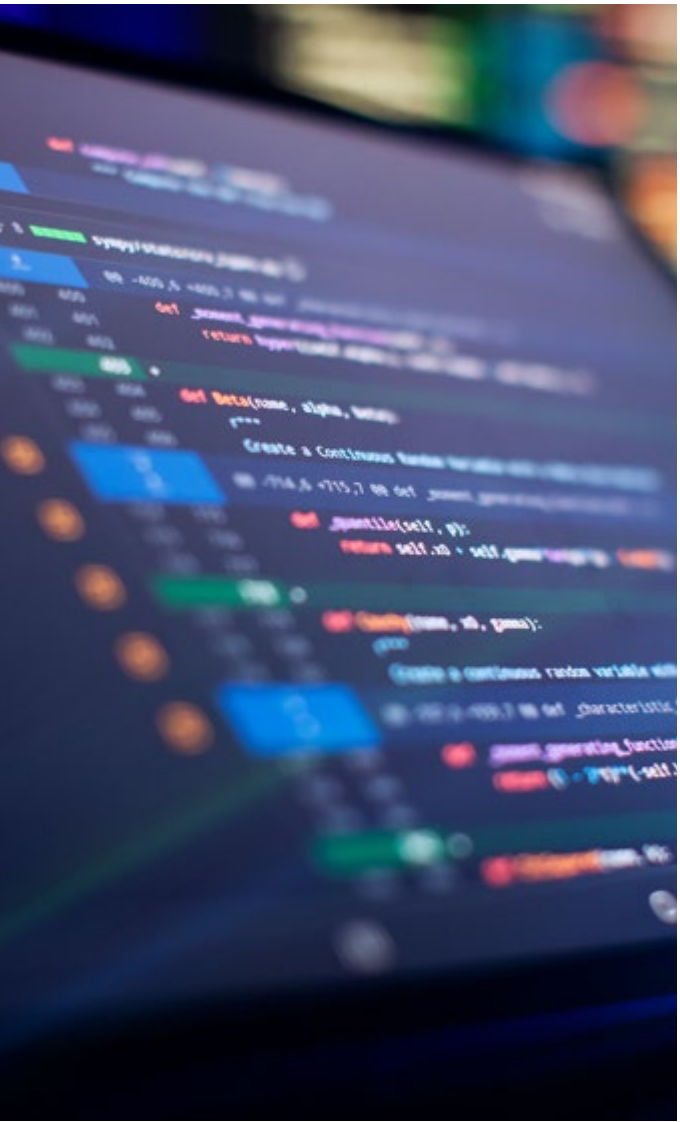
Other priority areas include reducing labor costs (16%), relaxing competition rules (14%) and developing competitive energy solutions and sourcing (13%, compared to 26% in Europe), allowing regulation to keep pace with technological and other disruptions (12%, well below the 23% in the

European survey and 29% in Greece in 2021), improving social and health care systems and reducing public debt (also 12%).

Lastly, areas with fewer mentions include investment in major infrastructure and urban projects, improving the legal system and administration of justice, facilitating access to credit, improving the quality of Greek products and the value-added of its services, protecting supply chains and industrial sovereignty, and improving the bureaucratic and administrative environment.

Notably, the priorities identified by Greek survey participants differ significantly from those highlighted in the European survey. Across Europe, the top priorities are:

- Support high-tech industries and innovation (35%)
- Support small and medium-sized enterprises (34%)
- Develop competitive energy solutions and sourcing (26%)



Where should Greece concentrate its efforts in order to maintain its competitive position in the global economy? (up to three options)

Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece

		2023
Develop education and skills and facilitate access to talent (through collaborations with educational institutions, work permits, etc.)	28%	31%*
Reduce taxation	27%	28%
Support high-tech industries and innovation (Cleantech, technology, health care, etc.)	24%	26%
Support small and medium-sized enterprises	22%	22%
Control inflation	17%	16%
Encourage environmental policies and attitudes	17%	14%
Support struggling industries	17%	12%
Reduce labor costs	16%	18%
Relax competition rules	14%	14%
Develop competitive energy solutions and sourcing	13%	11%
Allow regulation to keep pace with technological and other disruptions	12%	11%
Improve social and health care systems	12%	8%
Reduce public debt	12%	3%
Invest in major infrastructure and urban projects	11%	8%
Improve the legal system/administration of justice	10%	13%
Facilitate access to credit	10%	11%
Improve the quality of its products and the value-added of its services	9%	9%
Protect supply chains and industrial sovereignty	8%	3%
Improve bureaucratic and administrative environment	8%	-

*This is a merged version of two single options from previous years (Develop education and skills - 31% in 2023, and facilitate access to talent - 11% in 2023%).



Where should Greece concentrate its efforts in order to maintain its competitive position in the global economy? Top five options 2019-24

<div><div>49%</div><div>Reduce taxation</div></div> <div><div>32%</div><div>Develop education and skills</div></div> <div><div>25%</div><div>Support high-tech industries and innovation (Cleantech, technology, health care, etc.)</div></div> <div><div>24%</div><div>Support small and medium-sized enterprises</div></div> <div><div>19%</div><div>Reduce labor costs</div></div>	<div><div>38%</div><div>Support high-tech industries and innovation (Cleantech, technology, health care, etc.)</div></div> <div><div>36%</div><div>Reduce taxation</div></div> <div><div>33%</div><div>Improve the legal system/ administration of justice</div></div> <div><div>31%</div><div>Develop education and skills</div></div> <div><div>27%</div><div>Invest in major infrastructure and urban projects</div></div>	<div><div>38%</div><div>Develop education and skills</div></div> <div><div>33%</div><div>Support high-tech industries and innovation (Cleantech, technology, health care, etc.)</div></div> <div><div>33%</div><div>Reduce taxation</div></div> <div><div>29%</div><div>Allow regulation to keep pace with technological and other disruptions</div></div> <div><div>27%</div><div>Encourage environmental policies and attitudes</div></div>	<div><div>40%</div><div>Develop education and skills</div></div> <div><div>37%</div><div>Support high-tech industries and innovation (Cleantech, technology, health care, etc.)</div></div> <div><div>33%</div><div>Reduce taxation</div></div> <div><div>27%</div><div>Support small and medium-sized enterprises</div></div> <div><div>26%</div><div><div>Encourage environmental policies and attitudes</div><div>Facilitate access to credit</div></div></div>	<div><div>31%</div><div>Develop education and skills</div></div> <div><div>28%</div><div>Reduce taxation</div></div> <div><div>26%</div><div>Support high-tech industries and innovation (Cleantech, technology, health care, etc.)</div></div> <div><div>22%</div><div>Support small and medium-sized enterprises</div></div> <div><div>18%</div><div>Reduce labor costs</div></div>	<div><div>28%</div><div>Develop education and skills and facilitate access to talent (through collaborations with educational institutions, work)</div></div> <div><div>27%</div><div>Reduce taxation</div></div> <div><div>24%</div><div>Support high-tech industries and innovation (Cleantech, technology, health care, etc.)</div></div> <div><div>22%</div><div>Support small and medium-sized enterprises</div></div> <div><div>17%</div><div><div>Control inflation</div><div>Encourage environmental policies and attitudes</div><div>Support struggling industries</div></div></div>
2019	2020	2021	2022	2023	2024



Steady decline in negative stereotypes about Greece

Since 2019, a crucial question is addressed to all respondents at the end of the questionnaire: “If Greece addresses the above issues, would you be more willing to invest in the country or proceed to further investments in the country?”.

Back in 2019, nearly one in three participants (27%) and over half of the companies not yet established in the country (51%) gave a negative response. The reasons given by those unwilling to invest, even if the issues are addressed, have included several objective factors, such as the small market size, the country’s geographical location, the time required for positive changes to become apparent, and pre-existing commitments to other investment plans.

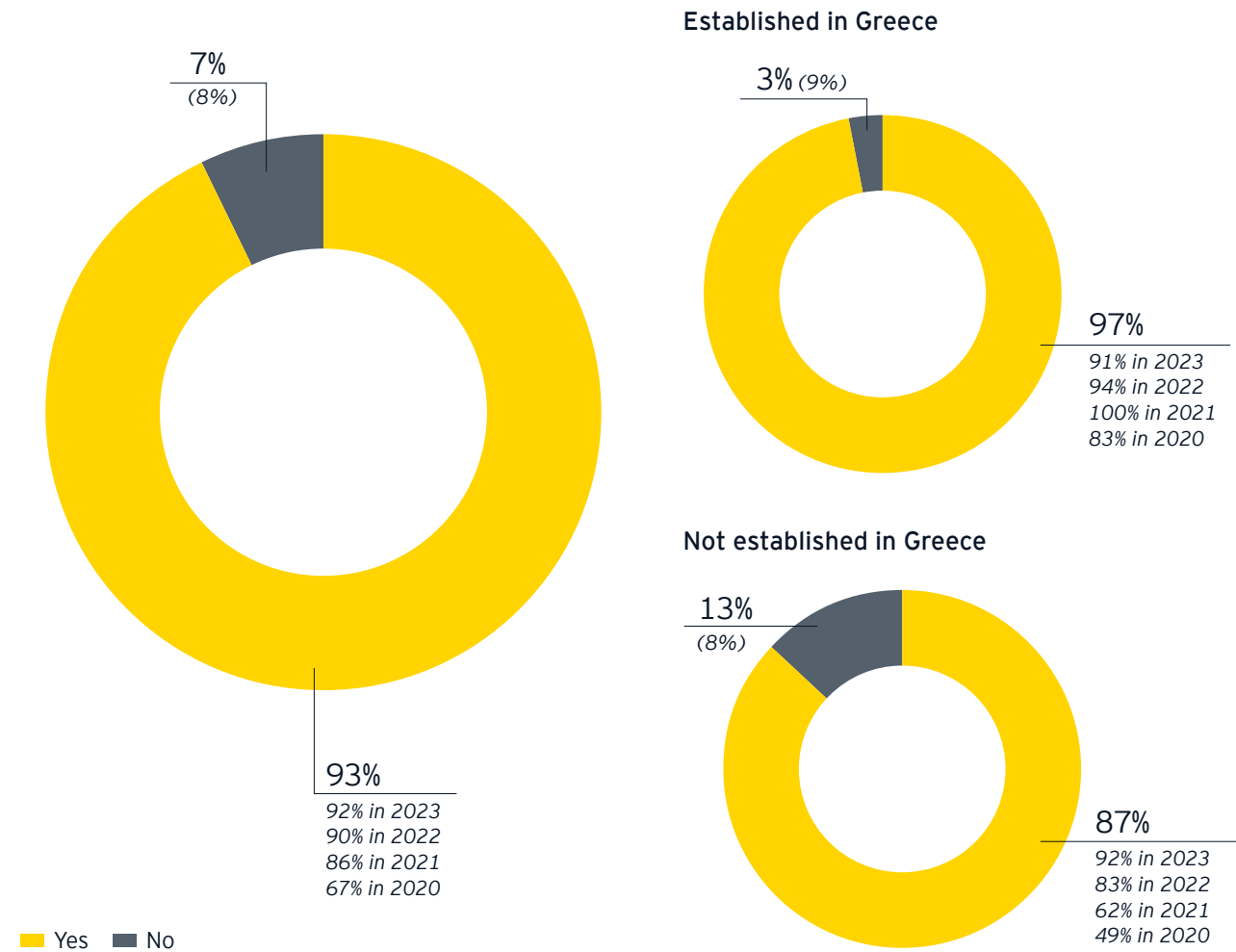
However, responses also reflect a series of concerns rooted in the heavy legacy of Greece’s economic crisis, the threat of

Grexit, and political and social instability. This legacy has left many investors with reasonable doubts about the potential for a relapse into crisis, and skepticism about the country’s ability to effect real change.

The fact that the percentage of those unwilling to invest “in any case” has decreased over the past five years from 27% to 7% of the total, and – even more significantly – from 51% of companies not established in Greece to 13%, indicates that this prejudice regarding the investment environment in the country has gradually diminished to a minimum. This represents a significant achievement that the country must work to safeguard.

If Greece addresses the above issues, would you be more willing to invest in the country or proceed to further investments in the country?

Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece



Business networks remain key source of information for investors

As in last year’s survey, participants were asked where they receive information about Greece’s attractiveness. The responses show minimal variation from 2023, with the vast majority of investors citing their business network (54%) and websites (41% - government sites or blogs) as their primary sources of information. Social media (30%), travel (28%), word of mouth (22%), and the press (19%) are less frequently cited as sources.

Responses slightly differ among representatives of companies without an investment presence in Greece. These respondents are more likely to rely on social media (32%, compared to 28% of established businesses) or report that they do not regularly receive information about Greece (8%, compared to 2%).

Where do you receive information about Greece’s attractiveness? (selection of all that apply)
Sample: 250 respondents - 151 companies established in Greece, 99 companies not established in Greece

		2023	Established in Greece	Not established in Greece
Business network	54%	51%	58%	47%
Websites (e.g., government sites, blogs, etc.)	41%	40%	42%	38%
Social media	30%	27%	28%	32%
Travel	28%	26%	26%	32%
Word of mouth	22%	23%	25%	19%
Press	19%	12%	17%	22%
I do not regularly come across information about Greece	4%	4%	2%	8%



04

Conclusions and recommendations

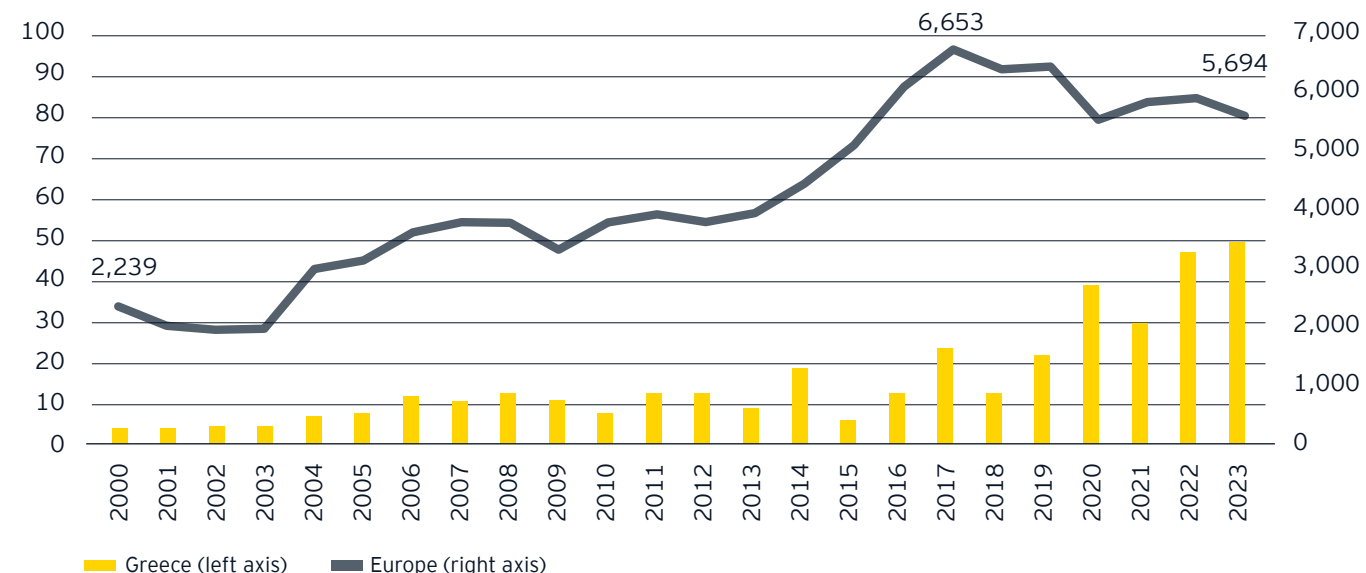
With over 500 million consumers, Europe is currently the third largest economy in the world⁵⁹, with a robust industrial base, notable infrastructure, some of the world's leading academic and research institutions, and a skilled workforce. However, the trend of the foreign direct investments (FDI) in Europe over the past few years has not been encouraging.

From 2000, when the Europe-wide survey was launched, up until 2017, investments were continually increasing, tripling

during this period. This was followed by a decline, with a cumulative decrease of 14% from 2017 to present.

Despite this challenging environment, Greece has managed to enhance its attractiveness as an investment destination, significantly increasing the annual number of investment projects attracted, reaching 50 in 2023. Cumulatively, the investments attracted since 2019 represent 49% of the total investments directed to Greece since the first year of the European survey in 2000.

FDI in Greece - Total FDI in Europe (2000-23)



59. These are the EU countries with the largest economies, weforum.org, 1 February 2023

Up to 2019, Greece had found itself among the top 30 European investment destinations, in terms of number of projects, only three times. In the past two years, the country has climbed to the top 20. Despite this progress, its share of FDI projects accounts for only 0.88% of the total FDI projects in Europe in 2023.

Significant progress has been made in recent years, but there's still room for improvement so that Greece is able to claim its rightful position on the European investment map. To bridge the investment gap of the past two decades, it is not enough to maintain the current growth rate of investments; it must be significantly increased.

The views of the investment community recorded in our survey over the past six years clearly indicate the direction the country must take and the areas where efforts should be concentrated. It is no coincidence that factors such as human capital skills, taxation, technology and innovation have consistently emerged as top priorities in recent years. At the same time, a few other equally important areas that require further attention have been highlighted.

In the following pages, we summarize our recommendations based on the findings of the survey, as well as our daily interaction with businesses that have invested in Greece or plan to do so.



01 Enhancing workforce skills

Over the past four years, when asked about the areas Greece should focus on to maintain its competitive position in the global economy, developing the education system and skills (with the addition of facilitating access to talent in the same option this year) has consistently emerged as the top priority. Significantly, this priority ranks last in the European survey this year, with only 12% of mentions, despite persistent skill shortages globally.

This finding is food for thought, despite the relatively positive assessments Greece receives regarding talent-related factors. As highlighted by the recent study conducted by EY, in collaboration with the E-Business Research Center (ELTRUN) of the Athens University of Economics and Business, and Endeavor Greece, the gap between higher education and the labor market in Greece remains significant⁶⁰. The study stresses that, while Greece has a well-educated workforce and distinguished universities, there is a significant mismatch between the skills required by the current job market and those produced by the educational system. To continue attracting investments in knowledge-intensive activities and higher value-added sectors, Greece needs to facilitate a better alignment between higher education and the job market. Our recommendations for the academic community primarily focus on curriculum development, closer alignment with the market, enhancing soft skills and improving graduation effectiveness. Career and technology transfer offices also need to be strengthened to foster networking between universities and the business community.

Establishing more competence centers through collaboration between institutions, organizations, and businesses will help promote innovation, entrepreneurship, and the development of technical skills, while better and more organized connections with startups will enable students to pursue internships in these companies.

Implementing attractive tax policies for businesses that collaborate with universities or offer scholarships, and facilitating the employment of foreign workers in Greece, for example through the recently established “Tech Visa”, will also be beneficial.

Finally, the government, universities, as well as the private sector should massively promote specialization and reskilling programs to equip individuals with the skills needed for the job market today.

02 Leveraging and developing artificial intelligence (AI)

One out of three respondents whose companies plan to establish or expand operations in Greece cited the opportunities created by new technologies as a reason for their decision (35%). At the same time, technology adoption is a significant factor influencing investment decisions across Europe (21%). Greece is positively rated in a series of technology-related factors, including the availability of workforce with technology skills, the rate of innovation, digital adoption and uptake by the general population, and its network of technology startups and research institutions.

In the coming years, technological developments will be shaped primarily by artificial intelligence (AI). The introduction of AI will directly affect the country's attractiveness as an investment destination through its impact on productivity, innovation, infrastructure, climate crisis management, workforce support, job creation, digital sovereignty, and public sector efficiency.

In 2023, the Greek government established a High-Level Advisory Committee for Artificial Intelligence, led by MIT Professor, Konstantinos Daskalakis, to develop a long-term national AI strategy and regulatory framework.

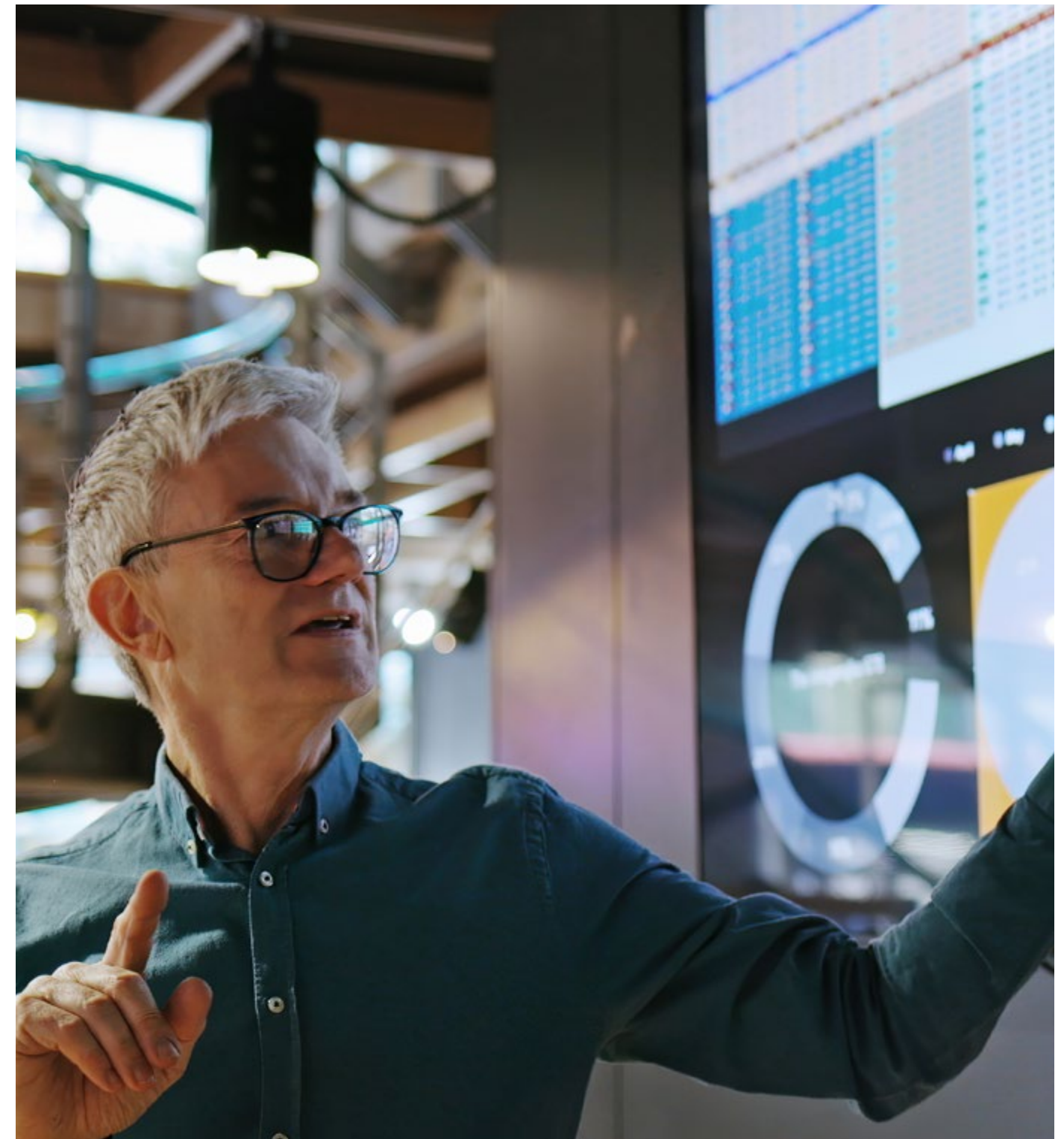
Moreover, the public sector is already implementing significant AI projects, leveraging Recovery and Resilience Facility (RRF) funds, with €200 million already allocated. These include, among others, “myGov”, a platform created with the support of EY, which enables data interconnection between ministries, departments, and directorates, using AI tools for comprehensive data analysis, as well as a project by the Ministry of Justice, aiming to digitalize and accelerate judicial processes and support judges by providing relevant legal precedents.

To keep pace with the rapid rate of adoption of AI globally, Greece needs to develop a national AI strategy, to outline specific goals, priorities, and policies, while establishing a framework for collaboration among the public and private sectors, academic institutions, and international organizations to accelerate AI adoption.

Creating a regulatory framework that is aligned with European standards and directives is also essential to support innovation, while also building trust by addressing ethical considerations, privacy concerns, and security issues.

Other key priorities include investment in digital infrastructure, including high-speed internet, creating open data platforms to secure accessibility to data, tax incentives for companies investing in AI research and subsidies to startups and small and medium-sized enterprises (SMEs) adopting AI applications. The public sector also needs to accelerate the use of AI, initially through pilot programs aimed at improving services in health care, education, transportation, and public safety.

Finally, ensuring the availability of a skilled talent pool is vital for AI adoption and development. Proposals to enhance skills and leverage the scientific potential of the Greek diaspora should be integrated into the national AI strategy.



60. Mind the Gap: Bridging the gap between tertiary education and labor market, EY Greece, ELTRUN & Endeavor Greece, May 2024 (in Greek)

03 Strengthening research and development (R&D)

According to the European survey, one out of five respondents (21%) identify R&D and innovation as a key factor influencing business investment decisions. Although only 2% of investments directed to Greece in 2023 were allocated to R&D, it accounts for an impressive 7% of all projects between 2000 and 2022, which is just two percentage points below the European average for this year. Moreover, when asked about the type of activity they plan to establish or expand in the coming year, 51% of respondents in the Greek survey mentioned R&D. While this is lower compared to the 72% for Europe as a whole, it still represents a solid foundation for further development for Greece in a field which will be critical for growth in the years ahead.

A significant number of respondents believe that Greece's attractiveness will increase due to opportunities in R&D (31%), while 67% positively assess the rate of innovation and technology adoption by the general population.

Greece has the potential to develop a workforce that will bolster R&D, innovation, and new technology development, which, combined with the enhancement of skills, could attract next-generation investments. However, funding needs to increase, as in 2022, gross domestic expenditure on R&D stood at 1.48% of GDP, nearly double compared to the 2012 figure, but still significantly lower than the EU average of 2.24%⁶¹.

Immediate priorities include the increase of funding for university and research center activities, full utilization of RRF and other European resources, in combination with the evaluation of research results for commercial viability, as well as simplifying administrative processes related to research management.

Strengthening tax incentives and exemptions for R&D investment, increasing the proportion of corporate budgets allocated to R&D are also important.

Further strengthening of digital infrastructure, prioritizing reliable connectivity, and accelerating the deployment of 5G networks, is also critical. Other recommendations include closer collaboration between academic institutions and the business community to transform primary research into marketable applications, establishing innovation centers through public and private sector partnerships, and strengthening intellectual property rights protection, which received the lowest ratings among technology-related factors that influence investment decisions.

Finally, the country's vibrant startup ecosystem could be strengthened by creating a framework for stock options in startups, easing research restrictions imposed by public accounting rules, providing incentives for creating more venture capital funds, and establishing the Greek Diaspora Research and Innovation Network (GDRIN) to connect prominent Greek researchers and investors abroad with the domestic innovation ecosystem.

All proposed interventions should be integrated into the national strategy for innovation, alongside efforts to improve workforce skills and the link between academia and the business community.

04 Strengthening sustainable development by leveraging the country's comparative advantages

According to the EY Europe Attractiveness Survey for 2022 and 2023, a country's policies on climate change and sustainability ranked among the top three factors influencing business investment decisions, up from the penultimate position in 2021.

However, the intensification of the energy crisis and the realization of the high costs of energy transition, combined with concerns about energy security, have recently led many governments and companies to reassess their strategies and revise their ambitious goals. Particularly in Europe, where energy cost increases have been significantly higher, and despite subsequent reductions, companies are still concerned about future prices' trends and energy availability. As a result, this year's European survey shows policy approach to climate change and sustainability falling to fifth place (23%), while cost of energy has risen to third place with 26% of references, up from the last place and 10% of references last year (in 2023, energy mix was also included in this option). Similarly, the development of competitive energy solutions and sourcing has emerged among the top three priorities for Europe this year, while encouraging environmental policies is now ranked sixth.

Under these circumstances, European governments must achieve a delicate balance between ensuring energy security, stabilizing prices, and advancing carbon emission reduction goals. According to the survey for Greece, three out of four participants (73%) recognize the percentage of renewables in the power supply as a factor where Greece performs well. At the same time, participants appear satisfied with regard to the availability (76%) and security of electricity supply (63%), though less so with the cost of electricity (49%). Indeed, the contribution of renewable energy sources (RES) to electricity

61. Gross domestic expenditure on research and development, Eurostat, 2022

External viewpoint



Dimitris Papastergiou
Minister of Digital Governance

The EY Attractiveness Survey Greece 2023 highlighted that a significant share of investments was directed toward the information technology sector. Do you think Greece has the potential to emerge as an innovation hub in the coming years?

Indeed, the information technology market in our country is steadily advancing – and not without reason. In recent years, led by the Greek public sector, Greece has made a significant digital leap. This has resulted in the creation of an innovation ecosystem, with the country attracting important investments in research and information technology. At the Ministry of Digital Governance, we are actively supporting the domestic business and research communities, recognizing their crucial role in Greece's digital future. With public and private investments in data centers and submarine cables, Greece is transforming into a notable force in the data sector.

We are advancing the tender procedures for the “Daedalus” supercomputer, which will be ranked among the top five computational systems in Europe. We are promoting the expansion of broadband connectivity across the country, while telecoms providers are committed to rapidly advancing investments. Further development of the country's IT sector is both a goal and an opportunity that we are keen to seize. We understand the significant impact this will have on broader economic growth, as well as on the daily lives of citizens, which are simplified through technology.

consumption increased from 37.8% in 2021 to 43% in 2022, surpassing the European average (41%)⁶², with further improvement in 2023. However, the contribution of RES to overall energy consumption in 2022 (22.68%) lagged behind the EU average of 23.02%⁶³, as the penetration of clean energy in transportation and heating and cooling remains significantly lower.

The prospects for Greece to further strengthen its RES sector by attracting investments were also confirmed by the latest edition of the EY Renewable Energy Country Attractiveness Index (RECAI - June 2024). This report assesses the top 40 global economies and ranks them based on the attractiveness of investment opportunities in renewable energy. Greece improved its position to 16th place from 18th in November 2023, while also moved up to second place from third in the normalized index, which provides a more objective view by reflecting countries' performance relative to their GDP.

To further increase the penetration of RES, Greece must invest in its grid, which currently limits the connection of new photovoltaic units, and in energy storage systems, and expedite the licensing processes for offshore wind farms.

The country also needs to intensify efforts in e-mobility, which includes investing in charging networks and enhancing incentives for vehicle owners, along with promoting electrification in rail transport.

Long-term reductions in energy costs will primarily come from the promotion of renewables, whose costs are decreasing globally due to rapid technological advancements. However, short-term cost reductions, especially for energy-intensive industries, should focus on further deregulating the electricity market and boosting competition in the oil market.

Regarding energy security, as long as Greece remains dependent on fossil fuels, investments in infrastructure are crucial. This includes storage facilities, floating storage and regasification units (FSRU) for liquefied natural gas (LNG), cross-border gas pipelines, and undersea power cables.

With regard to wide sustainability objectives, Greece should continue investing in waste management, focusing on recycling, preventing waste creation, and adopting circular economy models in all stages of the product life cycle, while significant attention should also be placed at sustainable water management. With 34% of the country being at a high risk of desertification and issues such as coastal aquifer salinization,

Greece's water consumption is notably high at 1,047 m³ per capita per year, with 83.5% used in agriculture.

Finally, Greece should intensify its climate change adaptation measures, building on the efforts initiated by the Ministry of Climate Crisis and Civil Protection. This includes continuous assessments of the climate risks in all critical infrastructure and public entities, strengthening prevention with early warning systems, improving response capabilities, revising building codes, and emphasizing in ecosystem restoration.

05 Attractiveness of the tax system

Based on the responses of participants in the survey, reducing taxes is the second highest priority for Greece this year (27%), consistently ranking in the top three since 2020. In the European survey it ranks fifth (22%).

However, like other European countries in the post-COVID era, faced with the additional challenge of reducing its substantial public debt, Greece also needs to increase tax revenues to secure fiscal surpluses for the coming years. This limits the scope for tax reductions in the near term.

The adoption of a global minimum tax rate of 15% by Europe for companies with revenues over €750 million may reduce some countries' ability to attract investments through extremely low rates. Post-global tax reform, countries will continue to compete for investments through other means, such as tax credits, grants, and subsidies.

Against this background, it is worth noting that only one out of five participants in the European survey mentioned the rate of corporate tax as an important tax-related factor influencing investment decisions, confirming its declining significance as a tool for attracting investments. The survey, however, highlights other tax-related factors that continue to influence decisions on investment destinations throughout Europe, which Greece needs to take seriously into account. Among these, availability of R&D tax credits (40%), the degree of pragmatism and flexibility of tax authorities (32%), tax certainty and stability (29%) and the degree of digitization of tax authority systems (28%) featured most prominently. The specific question was not included in the Greek survey; participants were only asked to evaluate Greece's performance on these factors. And while the overall assessment of the country with regard to tax-related parameters is unexceptional, respondents' evaluation with regard to the above four factors is largely positive⁶⁴.

External viewpoint



How can a more stable and business-friendly tax framework serve as a competitive advantage to attracting investments?

There is no doubt that a competitive tax framework is vital to attracting investments. Indeed, over the past five years, we have made significant strides in this direction, reflected in the improvement of the country's ranking on the relevant International Tax Competitiveness Index. It is not only the substantial tax cuts that we have enacted, but also the initiatives for the modernization of the tax system, the reduction of bureaucracy, and the utilization of digital

technologies. Additionally, we are making efforts to combat tax evasion, allowing further reduction of tax rates for everyone. At this stage, we are also working on tax incentives to encourage mergers and boost innovation.

We remain committed to developing a more equitable and efficient tax system, which will serve as a catalyst for economic growth.

62. Eurostat: Greece achieves 43% renewable energy share in 2022 - EU Average at 41% (Greek article), energypress.gr, 21 February 2024

63. Share of energy from renewable sources by country, European Environment Agency, 27 March 2024

64. EY Europe Attractiveness Survey, EY, June 2024

Greece has, indeed, made significant progress in recent years, in modernizing and digitalizing the tax system, while also establishing a stable tax framework, which represents a major accomplishment, given the country's long history of frequent changes. However, it needs to persist with its efforts to increase the attractiveness of its tax system.

Reducing the tax and social security burden on employees is a key priority, as it will lower labor costs for companies investing in Greece and will also help retain and attract high-level talent as part of the brain regain strategy.

Enhancing tax incentives for R&D investments and significantly improving access to these incentives for SMEs is also critical.

The impressive progress made with regard to the digitalization of tax systems must continue, focusing on effectively serving



06 Acceleration of justice delivery

When asked about the country's performance with regard to tax-related factors, 54% of respondents gave a rather negative evaluation concerning the risk of litigation over tax. In the case of Greece, this issue has broader implications, because of the slow pace of justice delivery.

According to the Rule of Law Index by the World Justice Project, Greece ranks 123rd out of 142 countries based on the extent to which civil justice is subject to excessive delays⁶⁵. Greece also ranks last in the use of digital technology by courts and law enforcement authorities.

Measures to remedy the situation should be aimed at relieving court congestion, simplifying procedures, training and evaluating judicial officers, and improving court administration. Although steps have been taken in this direction in recent years, such as the provisions of Laws 4871/2021 and 4938/2022, progress must be faster.

Measures should be directed toward the further strengthening of arbitration and mediation institutions, digitalization of all procedures and interoperability of Courts and Prosecutors' Offices with other public services, such as the Greek Police, the Financial Crimes Unit, etc. Strict deadlines for the

taxpayers through technological tools and leveraging AI to combat tax evasion.

Measures should also focus on modernizing and simplifying the tax framework. This involves rationally interpreting existing laws and revising outdated tax legislation, while correctly integrating European regulations into national law. The recent abolition of the Stamp Duty for over 600 transactions and its replacement with the Digital Transaction Fee for remaining transactions is a significant step in the right direction.

Finally, further efforts are needed to integrate environmental goals into tax policy, by establishing incentives and disincentives aligned with environmental objectives.

scheduling and discussion of legal remedies after they are filed, universal application of electronic service of process without exceptions, redesign of the spatial distribution of courts, which was based on the country's needs from 50 years ago, and increase of the cost of resorting to Justice, should also be considered.

With regard to training, efforts should focus on the modernization of curricula at the National School of Judicial Officers, training and specialization of judges, especially in economic/business issues, and linking the career progression of judicial officers to the attendance of mandatory training programs, as provided by Law 4871/2021.

Finally, the introduction of management principles will enhance court administration, while systematic inspection and evaluation of judicial officers based on objective and measurable criteria, and strict enforcement of Law 4938/2022 – which provides for disciplinary sanctions, withholding salaries, or even permanent dismissal for failure to complete cases on time – should also be introduced.

To implement the above measures, the effective operation of the Justice Statistics Collection Office (JustStat) must be ensured, and all relative data should be made public to ensure accountability.



65. Rule of Law Index, World Justice Project, 2023

07 Enhancing infrastructure to leverage reshoring opportunities

Following a significant reduction in the public investment program during the economic crisis, Greece has made considerable progress in infrastructure development in recent years. Notable achievements include the completion of major highways and the signing of contracts for new ones, such as the Northern Road Axis of Crete (BOAK) and the new Thessaloniki Peripheral Motorway, the upgrade of 14 major regional airports and plans for similar improvements at smaller airports, the anticipated completion of the first line of the Thessaloniki Metro and progress on Line 4 in Athens, the privatization of key ports, and the expansion of the 5G telecommunications network.

This progress is reflected in this year's findings for Greece: 42% of respondents who expect Greece's attractiveness to increase over the next three years cited quality of infrastructure as the primary reason. Additionally, in a question about the most important factors when choosing to invest in Greece, respondents ranked the reliability and coverage of transport, telecommunications, and energy infrastructure among the top considerations (27%). In contrast, this criterion ranks low in the corresponding European survey, with only 17% of mentions.

However, it is clear that for Greece to maintain and enhance its attractiveness, continued investment in infrastructure improvement is essential. This is particularly true at a time when many companies choose to reshore activities closer to their domestic markets, creating significant investment opportunities, especially in manufacturing and logistics, for economies on the periphery of Europe. Greece's position at the southeastern gateway to Europe makes it an ideal destination for such investments. Indicatively, when asked which sectors are expected to drive Greece's growth in the coming years, logistics and distribution channels ranked third (22% of total mentions), after tourism and hospitality, and health care, pharma and wellbeing.

Key priorities include enhancing the safety of the railway network and fully developing the European Rail Traffic Management System (ERTMS). Road and rail networks should connect to major port infrastructures, as well as industrial areas, while also improving connectivity with global trade routes and hubs, especially through the rail network and the Greek shipping ecosystem.

Further development of the highway network and completing new freight transport and logistics centers is also essential. Toll costs for freight transport should be rationalized, tolls on major roads digitalized, and significant reductions should be offered for multimodal transport use. Developing new supply

chain business parks, as seen in Oinofyta and Igoumenitsa, and accelerating private sector investments in regional ports through concessions are also key priorities.

Upgrading technology, innovation, and human capital to support new business models and necessary supply chain transformations is vital.

With regard to environmental goals, developing a network of charging stations for private and commercial vehicles, along with establishing service and parking stations around major cities, with smart management systems for easier navigation, enhanced security, and improved efficiency are also crucial.

Finally, despite significant progress in broadband and 5G networks, Greece remains low in digital competitiveness indices (DESI), particularly in service penetration and acceptance. Special emphasis should be placed on incentives to boost consumer demand, such as vouchers for fiber optics at home.

08 Scale up of SMEs and the crucial role of medium and large enterprises

Supporting SMEs remains a priority, ranking fourth (22%) among the areas where Greece should concentrate its efforts to maintain its competitive position in the global economy. At a European level, this issue ranks second, supported by one out of three respondents (34%). Interestingly, this issue is seen as a priority not only by SMEs (33%) but also by large (35%) and very large companies (33%), indicating that even large multinational companies recognize the importance of SMEs for a robust economy, and realize that a dynamic SME ecosystem can significantly contribute to the success of an investment.

In Greece, SMEs account for 99.9% of all businesses, a figure similar to the EU average (99.8%). However, among these SMEs, very small or micro-enterprises (with 0-9 employees) represent 94.7% of the total⁶⁶. SMEs were strongly affected by the economic crisis, and especially micro-enterprises have not yet fully recovered in terms of number, employment, and added value.

Increasing the productivity of SMEs will require scaling up, investments in capital equipment, access to financing, technological upgrades and digitalization, attracting a skilled workforce with modern skills, and a greater emphasis on extroversion.

The scaling up challenges can be addressed through further incentives and financial aid to encourage mergers, acquisitions (M&As), and collaborations, in line with the relevant provisions of the Recovery and Resilience Plan and recent interventions by the Ministry of National Economy and Finance.

External viewpoint



Christos Staikouras
Minister of Infrastructure and Transportation

What are the key priorities for leveraging Greece's strategic position as a transport and freight hub in the broader region of Southeastern Europe, especially in light of the surging nearshoring trend in the recent years?

Greece is ranked 19th on the global freight transport map, as indicated by the latest World Bank Report, with the sector contributing approximately one-tenth of the country's GDP.

These positive figures, however, do not allow for complacency.

In a highly competitive international environment, we must intensify our efforts to position Greece as a key gateway. To achieve this national objective, the Ministry of Infrastructure and Transportation is implementing the National Supply Chain Strategy, which focuses on the following key areas:

- Creation of new freight centers.
- Connecting the railway network with ports and industrial zones, and developing new European rail freight corridors.

- Digital transformation, such as the co-funded FENIX project.
- Sustainable and Green Logistics, aimed at reducing the sector's environmental footprint.
- Improving the education level of industry professionals.

This set of policies will make the Greek supply chain more attractive both in terms of transport services and of cargo processing capabilities, creating economies of scale and bringing producers closer to the end consumer.

66. Annual Report on European SMEs 2023/2024, SME Performance Review 2023/2024, GROW and Joint Research Centre, European Commission

Our proposals to enhance access to finance include simplifying and accelerating the application and credit assessment processes by banks, supporting SMEs in accessing capital markets and private equity, increasing awareness of available funding programs and reducing bureaucracy for SME participation.

A more generous approach to the “second chance” issue, similar to other countries, could significantly boost entrepreneurship, for example by reassessing the criteria for businesses with bad loans and entrepreneurs who have faced financial difficulties in the past to join funding programs.

To help SMEs shift the production base toward a more extroverted model and higher value-added, technologically advanced products and services, will require additional incentives to boost investments in R&D and innovation, mentoring and advisory programs, and support to attract talent.

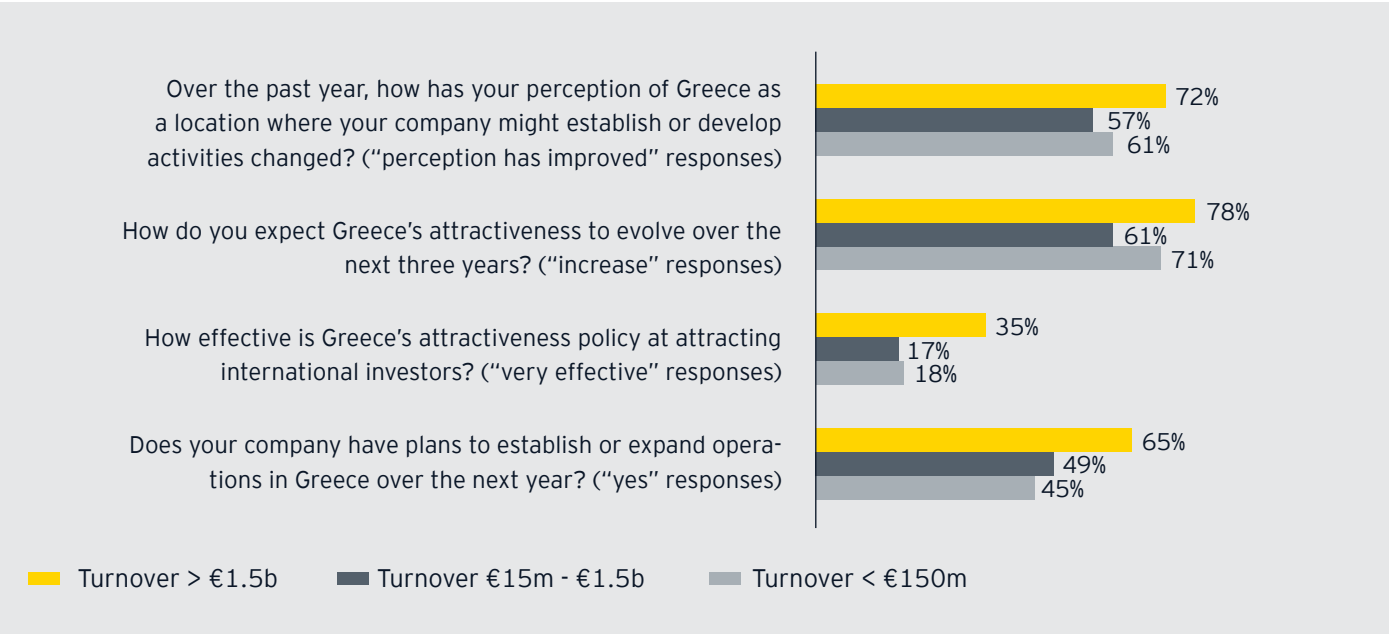
Other priorities for supporting SMEs include simplifying public procurement processes, lightening the administrative burden

and compliance costs for SMEs through further digitalization of public services and developing infrastructure such as industrial parks, business centers, and digital data centers to support e-commerce and digital business activities.

A related issue highlighted by the survey is the divergence in perceptions among small and medium, large, and very large enterprises regarding the attractiveness of the country as an investment destination. Participants representing smaller companies appear significantly less positive about the improvement in the country’s attractiveness over the past year, less optimistic about its development over the next three years, less satisfied with the effectiveness of attractiveness policies, and more reluctant to invest in Greece in the coming year. (It should be noted that the classification of enterprises in the sample into small and medium, large, and very large – with turnover up to €150 million, €150 million - €1.5 billion, and over €1.5 billion – does not coincide with the classification by ELSTAT for Greek companies).

Given the concerns, particularly of smaller enterprises, highlighted by the survey regarding the cost of compliance with the regulatory framework, Greece must fully align its regulatory environment with EU standards and ensure that it is not further burdened by an additional layer of national compliance requirements, abolishing laws and provisions where these are covered by European regulations.

Finally, to attract these enterprises, particular emphasis must be placed on taxation issues. Notably, in response to the question about the areas where efforts should be concentrated to improve the country’s competitiveness, businesses with turnover between €150 million and €1.5 billion mentioned the reduction of taxation at a rate of 34%, compared to 20% of smaller, but also larger enterprises (28%).



This phenomenon, which is also observed in the European survey, occurs for two main reasons. Firstly, very large enterprises are in an advantageous position to utilize European policies and, in particular, the resources of RRF, which has been a key tool for promoting investments over the past three years. By contrast, smaller enterprises struggle to cope with the “heavy” procedures required to leverage these resources. Secondly, smaller enterprises find it difficult to comply with the increasingly stringent regulatory environment. This issue affects the whole of Europe but is more pronounced in Greece.

In recent years, Greece has managed to attract emblematic investments from a number of very large enterprises. These success stories have played a crucial role in changing the narrative about the country. However, to significantly improve the country’s performance and sustain the upward investment trend in the future, it is essential to extend this success to a multitude of smaller enterprises, especially those with turnover between €150 million and €1.5 billion. Attracting such enterprises will require a completely different approach.



09

Transformation of the domestic manufacturing sector and attraction of industrial investments

In 2023, nearly one out of three investments (31%) in Europe were directed toward the manufacturing sector. In Greece, this was only 12%, with an 18% average over the 2000-22 period. Furthermore, among the activities where respondents plan to establish or expand their operations, the manufacturing sector ranks relatively low, in fifth place among seven options. Only 8% of respondents identified industrial products as a sector they believe will drive the country's growth in the coming years.

However, as highlighted in a recent study presented by the EY organization in collaboration with SEV⁶⁷, the new productive model that Greece needs in order to achieve sustainable, high growth rates must place manufacturing at its core. Therefore, Greece should intensify its efforts to attract manufacturing investments, while Greek manufacturing companies must undergo a drastic transformation to meet the significant challenges of the future.

These two initiatives – attracting manufacturing investments and transforming domestic industry – are directly linked. Investments can act as catalysts for accelerating transformation through the introduction of expertise and best practices, as well as by enhancing competition. At the same time, transitioning Greek manufacturing to this new model will significantly boost the country's attractiveness as an investment destination for international manufacturing enterprises.

The global trend of reshoring manufacturing activities closer to the domestic markets of major enterprises, driven by recent geopolitical developments, explains the resilience of manufacturing investments in Europe and creates a significant opportunity for Greece.

As detailed in the collaborative study by the EY organization and SEV, despite the setbacks experienced, particularly during the economic crisis, Greek manufacturing has demonstrated resilience and adaptability. Today, it is on a recovery path, led by a series of manufacturing leaders investing in innovation, producing internationally marketable products with high technological content, and securing a place in the global market.

To maintain this positive trajectory, Greek enterprises, with the support of the state, must adopt a culture of manufacturing excellence and undergo transformation, investing in sustainable development, digital technology, and their human capital.

Key priorities for the Greek manufacturing sector today include promoting sustainable development, adopting practices of the Fourth Industrial Revolution (Industry 4.0), increasing the resilience of supply chains, incorporating principles of manufacturing excellence, embracing AI solutions, and expanding Greek manufacturing enterprises through investments, M&As, collaborations, and partnerships.

Recommendations included in this survey regarding workforce skills, R&D, infrastructure, and the energy transition also pertain to the transformation of the manufacturing sector.

External viewpoint



Spyros Theodoropoulos

President, SEV - Hellenic Federation of Enterprises

What are the most significant obstacles or disincentives for attracting investments in manufacturing?

Attracting high value-added investments is a key objective for Greece to make up the lost investment ground, boost domestic production and improve employees' real disposable incomes. To achieve that, a different approach is needed. One that mobilizes more and bigger productive investments, with clear terms and conditions, and rapid licensing procedures.

In particular, Greece needs (a) more effective investment incentives, within the frame of a well-functioning development law, with significantly higher limits for subsidies, (b) simpler labor legislation and increased flexibility at work so that employees and

employers can find mutually beneficial terms and solutions, (c) tackling the non-competitive energy costs that affect all businesses and especially the energy-intensive industry, (d) significant upgrading of human resources' skills that businesses need in a large number of professions, (e) simplification and acceleration of licensing processes, (f) establishment of investment zones, with a special regulatory framework, to accommodate large greenfield investments. Finally, ensuring the proper coordination for the implementation of the above, through the creation of a Ministry of Industry.

67. Building a stronger manufacturing future, EY Greece and SEV, 22 April 2024 (in Greek)



Maintaining the positive trajectory of foreign investments in Greece

In recent years, the upward trend of foreign investments in Europe appears to have stalled. In this challenging environment, Greece has managed to improve its performance, steadily increasing the number of investments it attracts. Over the same period, the perceptions of the investment community regarding the country's attractiveness, as reflected through a series of critical indicators, have also been improving.

However, the improvement in Greece's performance compared to previous decades should not lead to complacency. Instead, Greece should focus on comparing its progress with that of its competitors.

In this comparison, there has been a clear improvement in recent years, but there is still significant room for further progress, considering the relatively low baseline from which Greece embarked on its recent quest to attract investments.

The progress made in recent years is significant but not sufficient. The country must remain steadfast in its reform path and focus on the critical issues that decisively influence investment decisions. The proposals submitted by EY through this survey aim to contribute to this direction.

About the survey

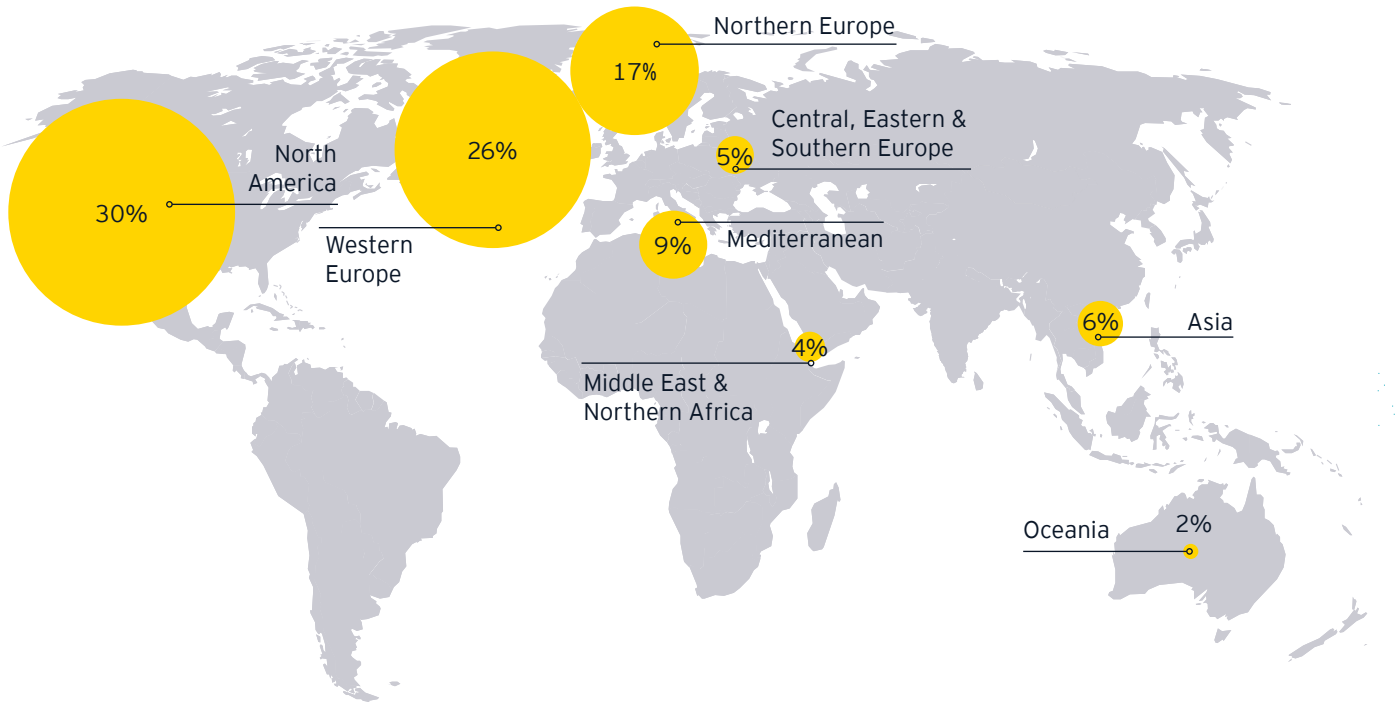
The survey was conducted by FT Longitude, the specialist research and content marketing division of the Financial Times Group, via online interviews between 8 March and 4 April 2024. In total, 250 interviews were conducted, of which 125 in Greece and 125 abroad. As 26 companies from the second category already have a presence in Greece, a total of 60% of the companies of the sample (n=151) have operations in Greece.

The companies interviewed are headquartered in 24 countries, representing the countries of origin for current and potential foreign investments in Greece.

Timeline of the survey

The survey was conducted between 8 March and 4 April 2024.

Location of companies' headquarter



Participants in the survey

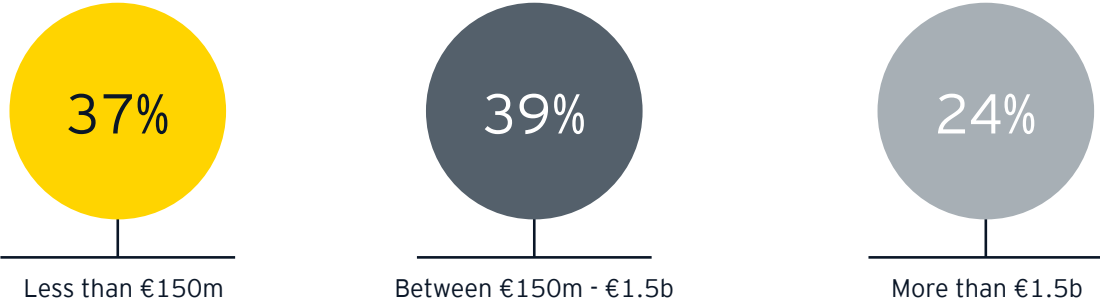
250 executives from foreign companies:
125 interviews conducted in Greece
125 interviews conducted outside of Greece
↳ 26 already have operations in Greece

In total, 60% of the companies surveyed (n=151) already have operations in Greece, while 40% (n=99) are not yet established in Greece.

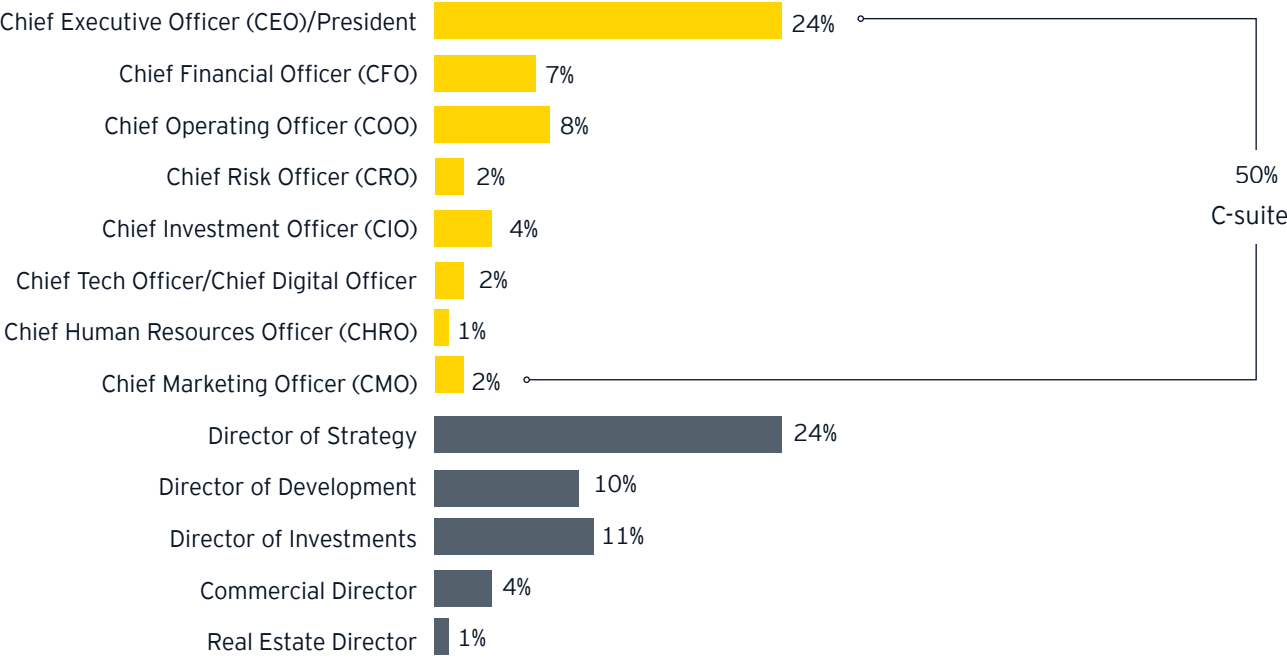
Data collection

The survey was conducted via online interviews to executives from 24 countries.

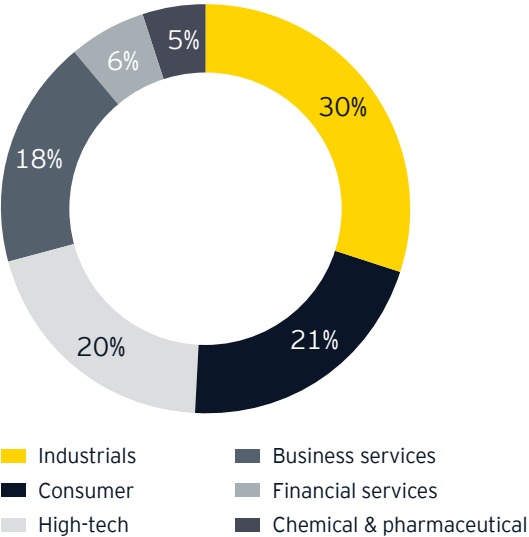
Sales turnover



Job title



Primary sector of activity



Regarding comparisons:

This year's survey for Greece was conducted for the second consecutive year by the same provider, FT Longitude, as for all participating countries. The fieldworks took place at the same period for all countries, and before the European elections. However, comparative figures are given for information purposes and any comparison should always be treated with caution.

Note: Percentages may not total 100% due to rounding (+/- 1%).

Methodology

The evaluation of the reality of FDI in Europe is based on the EY European Investment Monitor (EIM), an EY proprietary database.

This database tracks the FDI projects that have resulted in the creation of new facilities and jobs. By excluding portfolio investments and mergers and acquisitions (M&A), it shows the reality of investment in manufacturing and services by foreign companies across the continent. Data on FDI is widely available.

An investment in a company is normally included in FDI data if the foreign investor acquires more than 10% of the company's equity and takes a role in its management. FDI includes equity capital, reinvested earnings and intracompany loans.

To confirm the accuracy of the data collected, the research teams aim to directly contact more than 70% of the companies undertaking these investments. The following categories of investment projects are excluded from the EY EIM:

- ▶ M&A and joint ventures (unless these results in new facilities or new jobs being created)
- ▶ License agreements
- ▶ Retail and leisure facilities, hotels and real estate*
- ▶ Utilities (including telecommunications networks, airports, ports and other fixed infrastructure)*
- ▶ Extraction activities (ores, minerals, and fuels)*
- ▶ Portfolio investments (pensions, insurance and financial funds)
- ▶ Factory and other production replacement investments (e.g., replacing old machinery without creating new employment)
- ▶ Nonprofit organizations (charitable foundations, trade associations and government bodies)

*Investment projects by companies in these categories are included in certain instances. For example, details of a specific new hotel investment or retail outlet would not be recorded, but if the hotel or retail company were to establish a headquarters facility or a distribution center, this project would qualify for inclusion in the database.

However, our figures also include investments in physical assets, such as plant and equipment. This data provides valuable insights into:

- ▶ How FDI projects are undertaken
- ▶ What activities are invested in
- ▶ Where projects are located
- ▶ Who is carrying out these projects

The EY EIM is a leading online information provider that tracks inward investment across Europe. This flagship business information tool is the most detailed source of data on cross-border investment projects and trends throughout Europe. The EY EIM is frequently used by government bodies, private sector organizations and corporations looking to identify significant trends in employment, industry, business and investment.

The EY EIM database focuses on investment announcements, the number of new jobs created and, where identifiable, the associated capital investment. Projects are identified through the daily monitoring of more than 10,000 news sources.



About the EY Attractiveness program

By examining the attractiveness of a particular region or country as an investment destination, the EY Attractiveness surveys are designed to help businesses make investment decisions and governments remove barriers to growth.

A two-step methodology analyzes both the reality and perception of FDI in the country or region. Findings are based on the views of representative panels of international and local opinion leaders and decision-makers.

The program has a 23-year legacy and has produced in-depth studies for Europe, a large number of European countries, Africa, the Mediterranean region, India, Japan, South America, Turkey and Kazakhstan.

For more information, please visit:

ey.com/attractiveness #EYAttract

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ED None

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Legal form: Societe Anonyme

Registered seat: Chimarras 8B, Maroussi, 15125

General Commercial Registry No: 001576101000

Legal Name: ERNST & YOUNG (HELLAS) Certified Auditors-Accountants S.A.

Distinctive title: ERNST & YOUNG

Legal form: Societe Anonyme

Registered seat: Chimarras 8B, Maroussi, 15125

General Commercial Registry No: 000710901000