Introduction

We all recognize today that Greece needs an investment shock in order to return to high and sustainable growth rates. This survey confirms what we already know from our daily interaction with foreign investors: interest in Greece is, today, at an all-time high. However, it will take a lot of effort for this interest to develop into concrete and measurable results.

It is clear we urgently need far-reaching reforms in public administration, education, research and innovation, the judicial and legislative framework, infrastructures, and taxation. However, these reforms alone are not by themselves the solution to the problem. Unfortunately, in Greece, it is quite often not enough to legislate. We have to convince others that we intend to implement the changes we are legislating, consistently and over time.

In this extremely competitive environment, it is imperative to present a new, positive narrative and convince the international business community that, as a country, we are ready to do whatever it takes to support investment projects. Simply put, removing obstacles that stand in the way of investments is not enough; we need to actively seek investors, attract them and help them implement their investment plans.

To be effective, this new aggressive attractiveness policy, must have consistency and duration. It is therefore imperative that the country's political leadership, as well as the public administration, commit themselves to this objective. If not, a unique opportunity for Greece will be lost. With this report, EY Greece aspires to act as a catalyst to raise awareness on this issue.

Panos Papazoglou
Country Managing Partner
EY Greece

Executive summary

According to the European Investment Monitor (EIM), an extensive database developed by EY in collaboration with OCO, monitoring foreign direct investment (FDI), Greece has been a persistent laggard, over the years, in attracting investment.

Greece ranks 32nd, among European countries in terms of the number of FDI projects it attracted during the last decade (2009-2018), having secured a total of 129 projects, which represents 0.27% of all European investment projects.

Three out of five investments in Greece (60%, compared with 45% for the rest of Europe) represent sales and marketing offices. Greece also lagged behind in terms of manufacturing FDI projects, which accounted for 20% of the total FDI projects in Greece, compared with 27% for the rest of Europe.

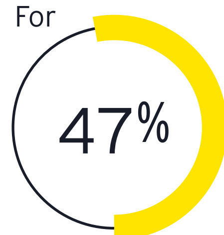
Despite this disappointing picture of the country's actual performance in attracting FDI, according to EY's survey, investors seem very positive concerning Greece's new image and optimistic about its prospects: 47% (62% among inward investors) report that their perception of Greece as a location where their company may establish or develop activities has improved over the past year. At the same time, 76% believe Greece's attractiveness will improve further in the next three years, while 30% say they have plans to expand operations in the country in the coming year. These scores are higher than any of the other countries surveyed.

32nd in terms of the number of FDI projects it attracted during the last decade (2009-2018) among European countries

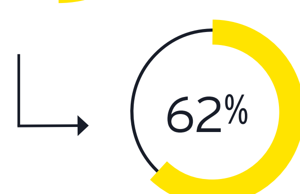
Greece can count on a strong investors' confidence

Perception of Greece's attractiveness has improved over the past year.

For

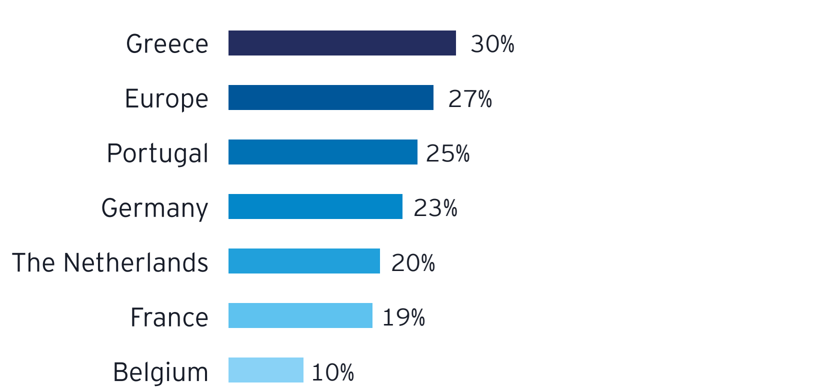


of respondents, the perception of Greece as a location where their company might establish or develop activities has improved

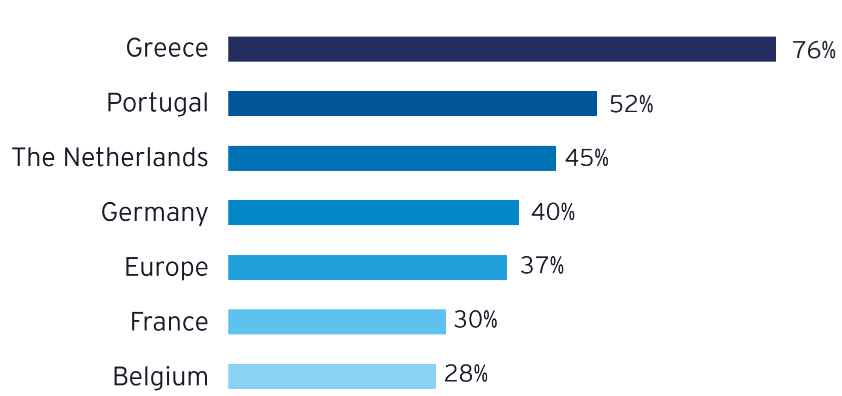


among inward investors

Level of willingness to invest in the coming year is the highest in Europe ...

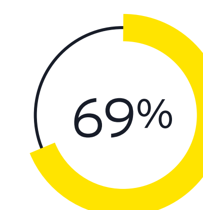


... as well as optimism

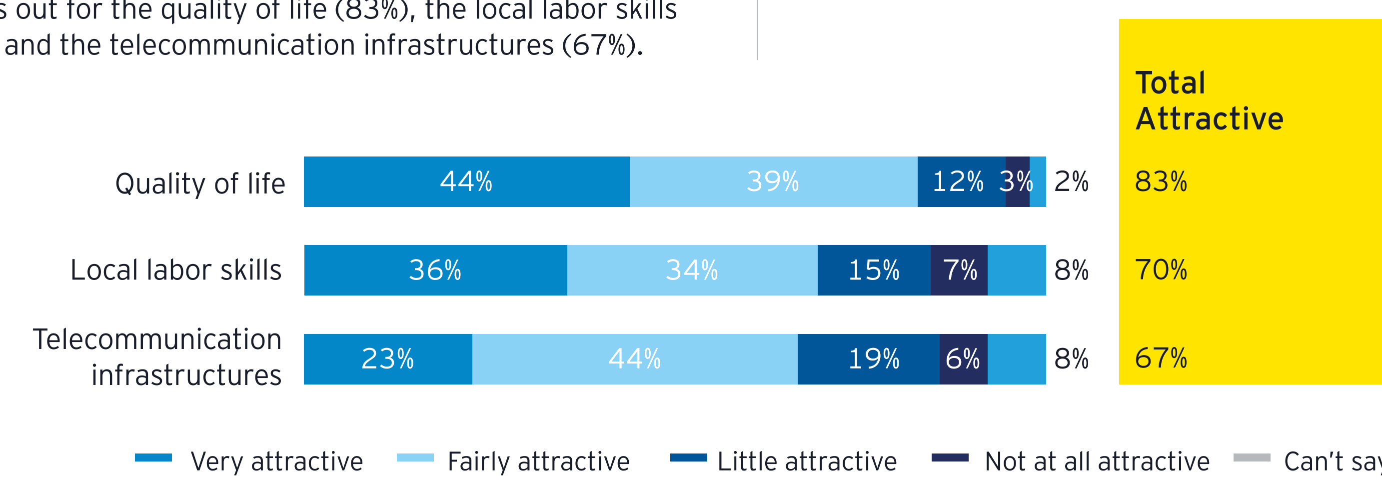


A large majority of the businesses who shared their insights believe that tourism will be the main driver of growth for Greece in the coming years (69%).

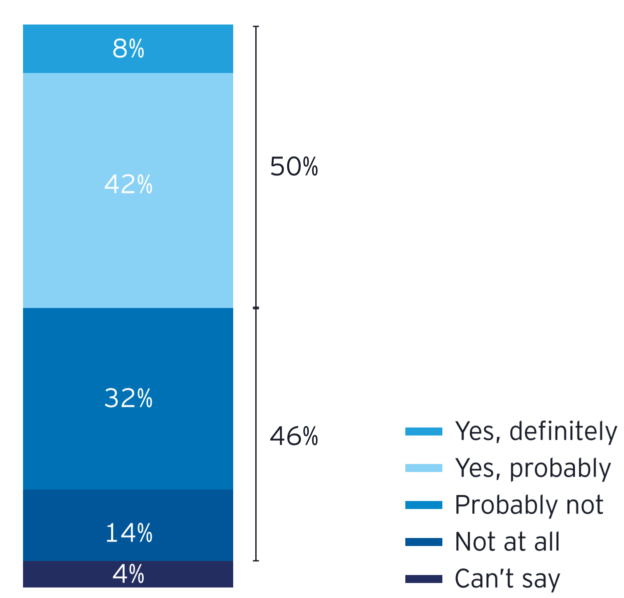
Asked to evaluate how attractive the country is as a location for establishing new activities, in a number of criteria, Greece stands out for the quality of life (83%), the local labor skills (70%) and the telecommunication infrastructures (67%).



believe that **tourism** will be the main business sector to drive Greece's growth



Only **50%** of respondents consider that the attractiveness policy implemented by Greece attracts international investors



Respondents (v=202)

The companies that participated in the survey identified a number of priorities where Greece should concentrate its efforts in order to improve its competitive position in the global economy. These include, among others, reducing taxation (49%), developing education and skills (32%), supporting high-tech industries and innovation (25%) and supporting small and medium-sized enterprises (24%).

49% Reducing taxation

32% Developing education and skills

25% Supporting high-tech industries and innovation

24% Supporting small and medium-sized enterprises

70% percent of companies say that they would be more willing to invest in the country or proceed to further investments, if Greece overcame the obstacles they identified.

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