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Greece - an overview

Greece (officially the Hellenic Republic), is a country in southeastern Europe, situated on the southern end of the Balkan Peninsula and lies at the juncture of Europe, Asia and Africa.

It has borders with Albania, Bulgaria and the Former Yugoslav Republic of Macedonia (F.Y.R.O.M.) to the north, and Turkey to the east. The Aegean Sea lies to the east and south of mainland Greece, while the Ionian Sea lies to the west. Both parts of the Eastern Mediterranean basin feature a vast number of islands.

Greece is the birthplace of democracy, Western philosophy, the Olympic Games, Western literature and historiography, political science, major scientific and mathematical principles, and Western drama including both tragedy and comedy.

Greece has a population of 10.9 mil. inhabitants, the capital city is Athens while Thessaloniki, Patras, Heraklion, Larissa are some of the country's other major cities.

Greece is a member of various organisations, among them the United Nations since 1945, NATO since 1952, the OECD since 1961, the European Union since 1981, the Western European Union (WEU) since 1995, the World Trade Organisation (WTO) since 1995, the Black Sea Economic Cooperation (BSEC) since 1999 and of the European Economic and Monetary Union since 2001.

Greece is...

1) a financial & business center in South Eastern Europe

Greece is a gateway to the Mediterranean and specially to Southeast Europe region with greek investments in the area that exceed so far \$16 bn euros, while more than 4.000 Greek firms operate there.

We point out that Greece, is the leading foreign investor also, in Albania and FYROM, and among the first three bigger investors in Bulgaria, Romania, and Serbia.

Especially for the Greek banking sector we need to point out that Greek bank hold 16% of the region's banking market share, operate more than 2,000 branches there, acquire and build networks in countries like Albania, Bulgaria, or Romania and also they are strengthening the cooperation with markets such as Turkey and Egypt.

Extravert Greek companies are active in almost every sector of the economy in the above countries, while the biggest amount of investments are mainly in :



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- **the Information Technologies and Telecommunications** (mainly from the Hellenic Telecommunications Organization),
- **Finance Sector** (mainly from Eurobank- which is also active on the Polish market - Piraeus Bank, National Bank and Alpha Credit Bank),
- **Food & Beverage Sector** (mainly from the Hellenic Bottling Company/Coca-Cola),
- **Energy & Petroleum Sector** (mainly by the Hellenic Petroleum Company),
- **Building Materials** (mainly by Silver & Barite Industrial Minerals Group),
- **Packaging Materials** (mainly by Mailis Group -which is also active on the Polish market) and
- **Construction & Real Estate** sector (Archirodon Group, Technical Olympic Group, and also J&P Avax and Intrakat which are active also on the Polish market).

2) an energy hub

because is strategically placed on the East-West energy corridor, because of the Turkey-Greece-Italy (TGI) Interconnector which will bring natural gas from the Caspian Sea to Europe and also for the Burgas-Alexandroupolis oil pipeline the first to be built in Europe after 40 years.

Moreover, "South Stream" gas pipeline, a project that was announced on June 2007 and is planned to carry 63 billion cubic meters (bcm) of natural gas per year from Russia to various parts of Europe, through its southwestern route will continue through Greece and Ionian Sea to the southern Italy (on April 2008, Russia and Greece signed an intergovernmental agreement on cooperation in construction and operation of the Greek section of South Stream).

3) has a strong presence in the shipping sector

Greece is a Maritime and Shipping Hub because, as you may know, owns the largest fleet in Europe and the third largest in the world.

Also I have to mention that a 3,5 bn Euro's Protocol have been signed with the European Investment Bank in order to upgrade our ports.

4) tourism

Greece has a very strong tourism sector, where the comparative advantages in terms of climate, landscape, history, infrastructure, security and experience, allows Greece to attract not only our old customers from the west but also new customers from our north and our east neighbouring countries.



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The tourism sector represents around 18% of GDP, it contributes almost \$16bn a year to government revenues while more than 17 million tourists are visiting Greece every year.

Greece has also a great potential in **land development and housing**.

Specially in the mainland, this potential is going to be developed in the next five years as we have already strong demand for summer houses from all over Europe. Also they are great opportunities in terms of new commercial Malls and logistics hubs, in combination with the revitalization of our ports, the most important of which, the ports of Piraeus and Thessaloniki are now being privatized.

Greece is developing in an outward-looking manner, and through the implementation of bold reforms has already achieved impressive results.

The investment climate in Greece is favourable, with cash grants of up to 60% of overall investment cost, tax breaks of up to 100% of overall investment cost, and additional subsidies for priority sectors and industries.

The Greek economy

The Greek economy with a GDP 2009 at 234.4 billion euro (per capita 21.000 euro) expanded at an average annual rate of 4% from 2004-2007 and 2% during 2008 (at constant prices of 2000), one of the highest rates in the eurozone. International economic uncertainty has had an impact on Greece in 2009 when growth rates of GDP (-1.9%) were slowed. The inclusion of Greece in the EU – IMF support mechanism, with restrictive economic measures that have been taken for fiscal consolidation, has negatively affected GDP development in 2010 as well, during which a decrease of GDP by -2.5% to -4% is estimated.

However, reforms and restrictive policy implementations have already begun to bear positive results. The public deficit decreased by 46% during the first semester of 2010, allowing for the expectation that Greece will return to the bond markets in 2011. A significant improvement in the development trends of GDP is expected in 2011 through further reforms aimed at the development of a more attractive investment and business environment, including liberalisation of a number of markets, faster licensing procedures, the new investment law, flexibility in the labour market, and others.

Major Economic Indicators (amounts in billion €)



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	2006	2007	2008	2009
GDP	4.5%	4.5%	2%	- 1.9%
Inflation: Annual Average	3.2%	2.9%	4.2%	1.2%
Inflation: Percentage Change December to December	2.9%	3.9%	2.0%	2.6%
Labour Productivity (EU-27=100)**	99.7	99.8	102.2	103.8
Unemployment Rate	8.9%	8.3%	7.6%	9.4%
Public Investments (%GDP)	3%	2.9%	2.8%	2.9%
Exports (Goods – Current Prices)	20.5*	21.4*	22.8*	19.2*
Imports (Goods – Current Prices)	56.4*	61.4*	62.5*	52.5*

Source: Hellenic Statistical Authority, 2010

In 2010, fiscal stabilisation and consolidation in Greece are a priority; however private investment (both national and international) and exports are primary growth drivers, rather than an increase in public spending, as was the case in the past. Notable is that labour productivity in Greece continues to show an increase in 2009 and remains at higher levels than the EU-27 average.

Employment - Unemployment

Unemployment in Greece, up to 2008, was rather low at 7.6%, approximately the mean value of the eurozone. During 2009, unemployment rose as a result of the international crisis that affected Greece as well and reached 9.4%. In 2010 a further increase of unemployment is expected due to the restrictive fiscal policy. Unemployment also increased in the EU-27 due to the international crisis. EU unemployment in December 2009 reached 9.6%.

Investments

In 2008, fixed capital formation in Greece reached 44.8 billion Euro in constant prices, and stayed at almost the same levels of 2007, while in 2009, as a result of the financial crisis, there was a decrease, reaching 39.9 billion Euro. The net FDI inflow, according to



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recent revised data, reached 3.1 billion Euro in 2008, showing an increase of 100% compared with 2007. In 2009, both total and net investments remained at rather high levels despite the increasing financial crisis. In 2009 net FDI inflows into Greece showed a decrease of 21% compared with 2008. However, this decline was much lower than that of international FDI inflows which, according to the recent UNCTAD Report, reached 37%. Total foreign capital inflows, which reflect the real performance of the country, reached 4.496 billion Euro in 2009, double the net inflows for the same year (2.145 billion Euro). Given that investors from the EU, China, and Arab countries have already expressed significant investment interest, there are promising prospects for FDI inflows to remain at satisfactory levels in 2010 despite the international and national financial crisis.

Private and public investment inflows reinforce the production and export potential of the country while the structural framework for investment support in Greece revolves around three institutional pillars: the Investment Incentives Law, the National Strategic Reference Framework 2007-'13, and Public Private Partnerships.

Investment

Incentives

Law

Greece's Investment Incentives Law governs the terms and conditions of direct investment in Greece and provides for the incentives available to domestic and foreign investors. The incentives on offer are among the most competitive in the European Union.

Investment incentives are applicable to primary sectors (agriculture, mining), secondary sectors (manufacturing), and tertiary sectors (services) and cover a wide variety of business endeavours. For the purpose of promoting investment in outlying and less developed regions of Greece, the country is divided into three zones, A, B, and C, with zone A being the most industrialized areas of Greece, including the prefectures of Attica and Thessaloniki, and zone C being the most remote and less developed.

Investors may take advantage of: cash grants and/or leasing subsidies, wage subsidies for new employment created by an investment, or tax allowances through the creation of a tax reserve. The benefit in each instance may go up to 60 percent of the overall investment cost while investment opportunities are particularly attractive in a number of areas like:

- **tourism and real estate** (Integrated Resorts, Convention Centres, Marinas, Golf Resorts and Spas, Commercial Real Estate, Leisure and Entertainment etc)
- **energy** (Renewable Energy Source, Combined Cycle, Natural Gas, Cogeneration etc)
- **financial sector** (Banking Insurance Stock Market etc)
- **infrastructure and environment** (PPPs, Water and Waste Management, Ports, Airports)
- **technology** (Telecoms, Software Development, Microchip Design, Venture Financing etc.)
- **logistics** (Intermodal Hub/Warehouse Development, 3rd Party Logistics (3PL) Integrated Services etc.)



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International Trade

The export of Greek goods rose in current prices by 11.2% during the period 2006-2008, while in 2009 showed a decline reaching 19.2 billion Euro from 22.8 billion Euro, in 2008. This decrease is considered acceptable given that the international financial crisis directly affects international trade. It should be noted that imports showed higher percentage decrease in 2009, and in this way the impact on the balance of trade of Greece is limited.

Greek Economic Crisis, Stability and Growth Program

In the first half of 2010 the Greek budget deficit shrank by 45.4% year-over-year against a targeted 39.5% decline. In the second quarter of 2010 the Greek government achieved a number of structural milestones:

- Overhaul of the country's private sector pension system to ensure its medium and long-term sustainability
- Reform of the country's public sector pension system to bring it into line with the new private sector system and the binding decision of the European Union Court of Justice on the equalisation of retirement ages for men and women
- Establishment of a 10 billion euro Financial Stability Fund to safeguard the capital adequacy of the country's banking system
- Establishment of a new Public Finance Management Framework for drawing up, executing and monitoring the government's budget
- Reform of the local and regional public administration, to enhance transparency, productivity and efficiency in the local governance system
- Establishment of a Single Payment Authority for the public sector wage bill
- A number of labour market reforms to increase flexibility and competitiveness

The Ecofin Council approved on 16 February the Hellenic Stability and Growth Programme (SGP). The SGP will bring the fiscal deficit to less than the 3% threshold by 2012 and reduce, from 2012 onwards, general government consolidated debt as a percentage of GDP. It is a frontloaded programme with an adjustment of 4 percentage points of GDP planned for 2010. In order to safeguard this deficit-reduction target, the government recently adopted additional cost-cutting and revenue-enhancing measures. To the extent that risks with respect to the 2010 deficit and debt ceilings materialize, further measures will be announced. The Greek government's short- and medium-term fiscal and reform strategy includes budget, tax, social security, and public administration reform, as well as institutional changes to enhance the credibility and sustainability of policies and policy outcomes.

The second update of the Greek Stability and Growth Programme (SGP) takes place in a period that is characterised by great uncertainties both economic and political. The slowdown of the economic activity in the European Union and the world trade, the fiscal imbalances in some large European economies, the collapse of the stock markets, and the imminent threat for a military attack on Iraq have had a negative impact on consumer and investor confidence.



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Greek Banking Sector Stress Tests (July 2010)

The Minister of Finance, George Papaconstantinou, made the following statement: "The results are positive and show that the Greek banking system can cope even in the extreme conditions of a stress test. With the recapitalization scheme in place and the Financial Stability Fund the Greek Government has created sufficient mechanisms for the support of the financial system and of the economy as a whole. The Greek banks are themselves called upon to assess the stress tests results and take initiatives and strategic decisions which will further reinforce their capital adequacy in the context of the restructuring of the Greek banking system."

Information on the stress tests results both on aggregate and on bank-by-bank basis are published in the websites of, the Bank of Greece (www.bankofgreece.gr) and the Committee of European Banking Supervisors (www.c-ebs.org).

Greek-Polish Economic & Commercial Relations

Poland is a priority country for Greece, where bilateral commercial relations, investments, development of joint ventures and economic cooperation, in general, are concerned. The size and extensive potential of this market make Poland an important partner for our country.

1. Greek investments in Poland

According to the data of PAiIZ (Polish Information and Foreign Investment Agency) for the period 2003-2009 greek investments to Poland is calculated over 600 mil. Euros.

Major Greek companies which have presence in the polish market are: **Hellenic Bottling Company** (refreshments, 3 plants in Lodz, Staniatki and Radzymin), **Eurobank EFG** (bank, in Poland under the name Polbank), **M.J.Mailis** (packaging materials, 1 plant in Karczew), **Chipita** (food/snacks, 1 plant in Tomaszow), **Mellon** (Hardware and Software Solutions), **Germanos** (telecommunication material), **Frigoglass** (Machinery), **Pyramis** (Household goods), **Plastika Critis** (in Poland under the name Global Colors Polska SA), **Flexopack** (in Poland under the name Fescopack), **Alapis pharmaceuticals** (in Poland under the name Veterin Poland), **JP Avax, Intrakat and Alfa Grisin Infotech** in the Construction sector, **Sarantis** personal care products, **Intralot/Totolotek** in the Gambling Sector, **Atlanta** in Food trade, **Kantor** in Business Consultancy, **Rokas** as a law office, etc.



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2. Greek-Polish external trade

The volume of Greek-Polish external trade is increasing with a significant rate year to year and from 2004 to 2009 we have a total growth of 178%.

In 2009 the volume of the Greek-Polish trade reach the record level of 679 mil. Euro's, while the Greek exports to Poland reach the value of 190 mil. euros (representing 1,25% of total Greek exports) and polish exports to Greece reach the level of 490 mil. euros (representing a percentage of 0,95% of total Greek imports).

GREEK – POLISH TRADE VOLUME

2003-2009

Year	2003	2004	2005	2006	2007	2008	2009
Total	316,8	247,2	291,3	432,2	590,0	687,0	678,5
Exports to Poland	177,7	115,1	134,1	186,8	234,1	217,3	188,8
Imports from Poland	139,1	132,1	157,2	245,4	355,9	469,7	489,7

As the years goes by, Poland is becoming one of Greece vital trade partners, since, for Greek exports Poland is the 11th biggest European market and the 18th globally, while for Greek imports Poland is the 17th biggest European importer and the 22th globally.

Main Greek products exported to Poland are:

- **aluminium products** (14% of Greek total exports to Poland)
- **fruits and vegetables** (14%)
- **rice** (7%)
- **medicines** (4,6%)
- **steel pipes** (3,4%)
- **refrigerators** (2,5%)
- **parfumeries products** (1,8%)
- **tobacco leaves** (1,6%)



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We have also to point out that for the below mentioned products, Poland is the most important country of exports-destination worldwide (2008):

1. **10.06.30 Semi-milled or wholly milled rice**, whether or not polished or glazed (**46,2%** of our world exports are destined to Poland)
2. **19.04.90 Cereals (excl. maize) in grain or flake** form or other worked grains, pre-cooked or otherwise prepared (**21,5%** of our world exports are destined to Poland)
3. **20.09.19 Orange juice, unfermented**, whether or not containing added sugar or other sweetening matter (**17,3%** of our world exports are destined to Poland)
4. **12.07.40 Sesamum seeds**, whether or not broken (**11,9%** of our world exports are destined to Poland)
5. **10.06.30 Rice in the husk, "paddy" or rough** (**8,6%** of our world exports are destined to Poland)
6. **20.07.10 Homogenised preparations of jams, jellies, marmalades**, fruit or nut purées and nut pastes, obtained by cooking (**8,4%** of our world exports are destined to Poland)
7. **10.06.20 Husked or brown rice** (**8%** of our world exports are destined to Poland)

Main Polish products imported to Greece are :

1. Computers (20% of total Polish exports to Greece)
2. Cigarettes (8,5%)
3. Furniture (5,3%)
4. Razors (5%)
5. Counters/meters (5%)
6. Spareparts for electromotors (3%)
7. Meat products (2,3%)
8. Chocolate and Cocoa (2%)

DOING BUSINESS IN GREECE

1. Legal forms of businesses

Every type of enterprise has specific characteristics of its own and, therefore, the choice between any of them serves a particular economic intention. Thus, an enterprise may be:

Individual Enterprise: This form is quite common. Its main advantage is its high flexibility as regards the enterprise decisions, concerning the type of activity involved, the selection of the adopted technical methods and, up to a point, the volume of production. These advantages are essential especially for the small and medium size agricultural and commercial enterprises and small industries, where the personal



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supervision and initiative is of great importance. However, when the kind of business imposes the development of a larger company size, then the most appropriate choice is the corporate enterprise.

Corporate Enterprise: The corporate enterprise is founded and run by , at least, two people, the partners . Their association is based on the corporate agreement, which is adapted to the type of each company. Basic forms of the corporate enterprise are: [General Partnership](#), [Limited Partnership](#), [Public Limited Company \(Societe Anonyme\)](#) and [Limited Liability Company](#).

In the [General Partnership](#) company all partners are jointly liable with their entire estate for the activity and the debts of the company. Moreover they are liable to personal detention when they are unable to pay their creditors.

In the [Limited Partnership](#) company at least one partner is liable with his entire estate for the company's debts and may be detained for not settling them.

In the [Public Limited Company \(Societe Anonyme\)](#), which is stock based, every partner (stockholder) is only responsible for the percentage of his participation, ie. for the number of shares she/he owns. The partner participates in the election of the management of the company, the setting of the companies' policy and the earnings, in proportion to the number of stocks she/he owns. During the general assembly of the stock owners, each partner has as many votes as the number of his stocks. In the case of damages or bankruptcy, she/he is liable up to the sum he has deposited for his stocks, ie. in the worst case her/his stocks can completely lose their value.

The [Limited Liability Companies](#) are in between the Partnership Companies (General Partnership and Limited Partnership) and the Public Limited Company (S.A.). The basic characteristic of these companies is the small company capital that is required for the company registration and the limited responsibility of the partners up to the total of the company capital.

2. Business plans and evaluation

The Business Plan is a key tool for every business activity in every step of its development (from its launch to the end of the company's activities).

To succeed, a new business needs a sound commercial strategy and secure financing - access to finance-. Some standard requirements to be completed when setting up a business are the same as when opening a branch.

3. Administrative procedures

While start-up procedures differ depending on the type of business, they do include certain common stages.



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Registering a company

Company registration

Once you have chosen where the company will be based you (sole trader) or the partners (in the case of a corporate company) must register with the local Chamber of Commerce and industry.

You can locate all Greek Chambers on the website of the Central Union of the Hellenic Chambers. Membership application forms are available on the website of the competent Chamber.

Instructions regarding the submission of an application form

The business premises must be established for the registration of merchants, professionals and craftsmen (sole traders) with the competent insurance body.

Any employer recruiting an individual registered under the IKA-ETAM insurance scheme, must become registered under the IKA-ETAM Employers' Registry. The Public Administration National Gateway allows for online submission of the required applications.

Tax registration

You must then apply for a VAT (Value Added Tax) registration number at the relevant Tax Office of Ministry of Finance.

Transactions between citizens, enterprises and the different services of the Ministry of Finance can now be carried out through the TAXISNET service (through the on-line submission of journals or VAT return statements, as well as the submission of quarterly recapitulative tables for intra-community acquisitions/supplies (VIES) or through TAXISphone.

Special procedures

For certain profession categories the issuance of a Licence to Practice is essential for the commencement of any business activity. Examples of professions falling under these categories include those relating to electrical appliances and equipment, cars, motorcycles, aircraft or professions relating to the premises of telecommunication centres.

The majority of licences to practice a profession as well as special operation licences are issued by the competent Directorates responsible for business activities available in the various prefectures. The same authorities are to inform the company on whether or not a special permit is required for its operation, as well as on the required supporting documents.



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Resources

Information on the types of business activities interested parties can carry out in Greece may be obtained from the National Statistical Service of Greece (www.statistics.gr , f.e. Datasets for Agriculture, Building and constructions, Culture – Leisure, Fishery, Health - Social protection, Household income and expenditure, Industry, etc.)

Guides and practical advice on the preparation of a business plan are available through different public bodies. The National Observatory for Small and Medium Sized Enterprises, which has developed and offers a free "Tool for the Establishment & Implementation of a Business Plan", provides a useful source.

Also the Centres for Business and Technological Development (KETA) provide information to entrepreneurs looking to set up a new business.

Interested parties may access the website of the General Secretariat for Commerce and Consumer Protection to obtain useful information on the steps required to set up a new company, be it a public limited company, general partnership, limited partnership, or limited liability company. One-stop shop services are available through the General Secretariat for Commerce of the Ministry for the Economy, Competitiveness and Shipping.



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Useful internet sites of Greek Ministries & Organisations

1. Greek Ministry of Foreign Affairs, www.mfa.gr
2. Greek Ministry of Finance. www.minfin.gr
3. Hellenic Statistical Authority, www.statistics.gr
4. Ministry of Tourism, www.gnto.gr
5. Bank of Greece, www.bankofgreece.gr
6. Invest in Greece Agency, www.investingreece.gov.gr
7. SEV, Hellenic Federation of Enterprises, www.sev.org.gr
8. Athens Chamber of Commerce and Industry, www.acci.gr
9. Panhellenic Exporters Association, www.pse.gr

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