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ENTERPRISE GREECE
INVEST & TRADE

NEWSLETTER



EDITORIAL

Our View: New Industry



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From cargo ships to microchips, Greek industry is forging ahead. The Greek government has been pursuing a national strategy to boost the country's industrial base. And the first results are starting to show.

After decades of neglect, Greece's three major shipyards have resumed operations. Defense manufacturers are gearing up production. Makers of marine equipment and supplies are growing their exports to world markets. Meanwhile, new industrial prospects are emerging: in metal works and mining, or in the manufacturing of semiconductors.

Underpinning this is Greece's growing role as a center for innovation. This month, as part of our special Synergassia Program, we at Enterprise Greece had the privilege of hosting 15 foreign diplomats on a two-day visit to Thessaloniki. It was an opportunity to see first-hand how Central Macedonia, one of Greece's industrial heartlands, is also becoming a regional hub for research and development.

A new industrial order is taking hold in Europe, one shaped by de-risking and reshoring amid an uncertain geopolitical climate. The new paradigm will help ensure our collective security, while contributing to economic growth.

Greek manufacturers, marrying knowhow with technology, are ready to play a role.

Greece revives shipyards, foreshadowing growth in maritime cluster



Source: ONEX Neorion Shipyards S.A.

Greek shipyards have been revived, foreshadowing new growth in the country's maritime cluster and Greece's prospects as a maritime hub for the region.

For decades, Greece's three main shipyards – on Syros, at Elefsina and at Skaramangas – were hamstrung by a web of competing legal and financial claims, but these have been systematically resolved by the government over the past few years. As a result, the yards have drawn investor interest, culminating in the sale and consolidation of the two yards on Syros and at Elefsina to the ONEX group, and the sale of the Skaramangas yard to shipowner George Prokopiou.

The ONEX group business plan foresees \$550 million worth of investments in the two yards with the aim of developing them into a maritime hub for the greater Mediterranean region. Recently, the American government's development fund, the US International Development Finance Corporation, extended a \$125 million loan to ONEX to help finance its investments.

Helping support the growth in Greece's maritime cluster is the country's ongoing naval modernization program, as well as the growing footprint of Greek manufacturers of maritime equipment and supplies. The naval projects could include the future co-production of foreign frigates, while increased activity in the shipyards will boost Greek maritime equipment manufacturers, who are already world leaders in their sector.

Greece is one of the world's preeminent shipping nations, controlling roughly one-fifth of the world's ocean going fleet and more than half of the European Union's total tonnage. The overall contribution of maritime transport to the Greek economy is equal to 7.9% of GDP, and the sector provides directly and indirectly almost 90,000 full-time jobs in Greece.

The area of greater Athens – and the Port of Piraeus in particular – is viewed as one of Europe's major shipping centers. The last two decades have seen a steady growth in Athens as a commercial hub for shipping with the growth in support industries like financing and legal services.

Showcasing Thessaloniki as a Regional Innovation Hub: Synergassia Program



synergassia
regional partnership

Leading a delegation of foreign diplomats from around the world, Enterprise Greece this month showcased the growing role of Thessaloniki – the capital of the Region of Central Macedonia and Greece’s northern capital – as a regional innovation hub, marking the relaunch of the agency’s highly regarded Synergassia Program.

Over the course of a two-day trip, the delegation visited major multinationals that have set up R&D centers in the city region, including Cisco, Accenture, Deloitte, and Pfizer, where they heard directly from senior executives about their experiences in Thessaloniki. The trip also encompassed a visit to Technopolis Thessaloniki, the first hi-tech business park in Greece, and briefings from officials at the Alexander Innovation Zone, the entity responsible for the management and development of the Thessaloniki innovation zone, and the Centre for Research and Technology Hellas (CERTH), one of Greece’s leading public research centers. Enterprise Greece cooperated closely with the Regional Authority of Central Macedonia for the success of the mission, also within the frame of the Authority’s investment attraction mandate.

The mission included diplomats from Austria, Belgium, Croatia, Cyprus, Egypt, Estonia, France, Indonesia, Ireland, Moldova, Montenegro, Norway, Poland, Portugal, and the U.S.

The Synergassia Program – which means ‘collaboration’ in Greek – is a flagship initiative of Enterprise Greece that has been recognized as an example of best international practice for investment promotion by the OECD. In cooperation with local authorities and businesses, the program seeks to highlight the comparative advantages of Greece’s various regions by inviting foreign representatives on missions around the country. This month’s mission marks the return and redesign of the program to better highlight regions as investment destinations, as well as their relative strengths.

News in Brief



Budget Beat

Greece outperformed its fiscal targets last year with a better-than-expected general government primary surplus equal to 1.9% of GDP, versus a target of 1.1%. According to data released by Eurostat, Greece's public debt-to-GDP ratio last year fell by 11 percentage points to 161.9% of GDP – also surpassing expectations – from 172.7% in 2022. For this year, the debt ratio is projected to fall further to 152.7% of GDP.

Bond Issue

Greece successfully auctioned its first 30-year bond since 2021 and since regaining investment grade status last year, raising €3 billion amid strong institutional demand. The bond was more than 11 times oversubscribed and priced to yield 4.24%, some 20 basis points below respective yields in neighboring Eurozone countries. Almost two-thirds of the issue was absorbed by asset managers and insurance/pension funds, and another 22% by banks.

Greek Bank

International credit ratings agency DBRS Morningstar has assigned a Long-Term Issuer Rating of BBB (low) to National Bank of Greece, making it the first Greek lender to regain investment grade status in 15 years. The rating is equal to the rating DBRS has assigned to Greek sovereign issues.

GDP Outlook

Greece's economy is forecast to grow 2.2% this year and 2.3% in 2025, according to the latest European Commission forecast, well above the growth outlook for the European Union overall. The Commission sees EU-wide growth of 1.0% this year, and 1.6% next year. The Greek government's revised forecast is for 2.5% growth in 2024 and 2.6% in 2025.

Top Pick

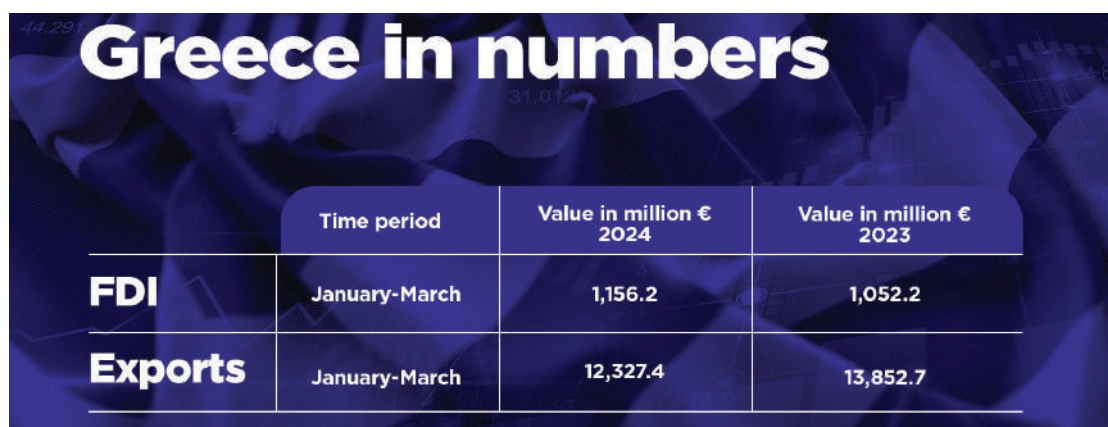
Greece is one of the Top 5 destinations for travelers from Germany, the UK and France – Europe's three largest tourism source markets – over the next 12 months, according to a survey by the Institute of the Greek Tourism Confederation (INSETE). A separate survey by the European Travel Commission, the association of national tourism organizations, also names Greece as one of the Top 5 intra-European destinations this year for European travelers.

Tourism Outlook

Greece is set to welcome almost 40 million tourists by 2028, according to a report by Fitch Solutions, with growth driven by increasing visitors from China and India. For this year, the company sees tourist arrivals rising 5.3% to 34.5 million visitors, up from last year's record 32.7 million arrivals.

Judicial Reform

Parliament approved measures to streamline Greece's judiciary by unifying its lower courts, a move that aims to speed up court decisions. According to the Justice Ministry, the waiting time for court decisions will be reduced 30% following the reforms, and 1,000 more judges will be made available to hear cases brought before Courts of First Instance.



2023: Enterprise Greece Year in Review

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