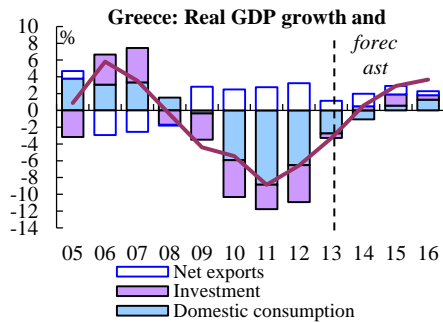


INVESTMENT IN GREECE

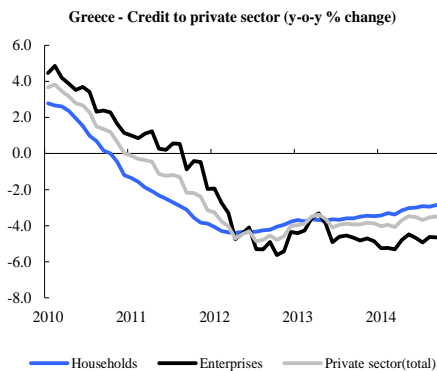
What is the situation in Greece?



Source: European Commission 2014

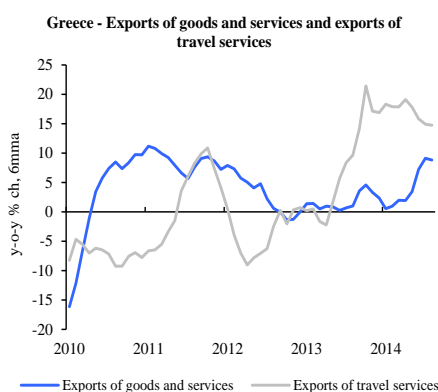
Investment in Greece slumped over the past six years, considerably affecting GDP growth. Before the crisis, investment accounted for more than 20% of GDP. Since 2008, it kept declining, reaching a historically low of 11.9% in 2013, compared to 19.3% in the EU. However, the declining rate slowed down in 2013, with investment expected to rise again from 2014, projected to reach 11.7% in 2015 and remain strong for several years as capacity utilisation returns to longer term levels and the economy grows in a sustained way.

What is the main challenge?



Persistently tight credit conditions continue to significantly hold back the recovery of investment in the country. Any uncertainty over policy implementation can significantly affect investor confidence in the first half of 2015. Having said this, there are a number of ongoing projects, including projects that were dormant during the 2007-13 financing period. Access to EU funding in the new financing period of 2014-2020 would enable these projects to better use EU funds in the future. The rebound can also be aided through clarity on taxation policy, in particular on real estate, corporate taxation, and investment incentives.

Opportunities for Investment



Services – especially tourism and shipping – were major drivers for growth before the crisis and are still expected to be the main sectors to pull Greece out of the recession. Investment in these sectors has already started rebounding as shown by the increasing rates of investment in hotels and rent-a-car fleets, as well as in the registered increases in the shipping fleets. Increasing activity in the services sector seems to support this trend. The gap in infrastructure is a considerable constraint, in particular for airports, railways and ports. Ongoing privatisation and the adoption of better regulation in these areas could mobilise further investment. In the energy sector, large-scale investment in electricity and gas networks is needed both within Greece and with its neighbouring countries in the EU. Finally, investment in housing, notably to improve the energy efficiency of buildings, has the potential to reap benefits for the Greek economy and its population.

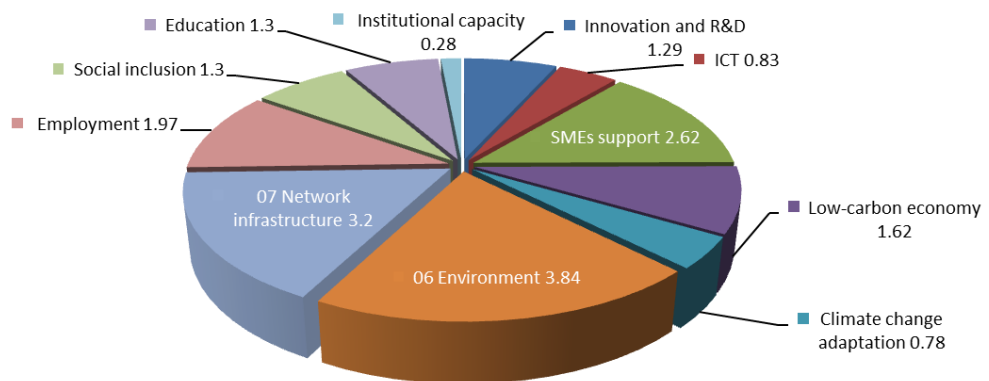
Reforms for investment

In the 4th Review of the Second Economic Adjustment Programme for Greece (April 2014), the European Commission recommended:

<ul style="list-style-type: none"> Successful implementation of the 2nd economic adjustment programme 	<ul style="list-style-type: none"> Successful labour market reforms improving cost competitiveness
<ul style="list-style-type: none"> Ongoing structural reforms in healthcare and public financial management 	<ul style="list-style-type: none"> Key reforms to enhance the efficiency of the business environment, the judicial system, network industries and services and opening regulated professions
<ul style="list-style-type: none"> Ongoing public commitment to ensure healthy and adequately capitalised banks 	

EU funding for investment

2014 - 2020
in billion EUR



Source: Partnership Agreement:
http://ec.europa.eu/contracts_grants/agreements/index_el.htm

Past or ongoing projects for investment

Electricity interconnections

- Electricity interconnection. Commissioning date: 2019 (Cyprus, Greece)
- Upgrade of the electricity distribution system (Greece, EIB financing)
- Interconnection with Cycladic islands (Greece, EIB financing)
- Upgrades of the electricity transmission network (Greece, EIB financing)



Gas interconnections

- Pipeline from offshore Cyprus to Greece mainland via Crete. Commissioning date 2019. This is part of the EU Projects of Common Interest list (Cyprus and Greece)
- Interconnection (currently known as IGB). Commissioning date: 2015 (Bulgaria and Greece)
- Increase the transmission capacity of the existing pipeline. Commissioning date: 2015 (Bulgaria and Greece)
- Upgrade of the LNG terminal in Revithoussa (Greece, EIB financing, 80 million EUR, commissioning in 2016)
- Gas interconnection (TAP: Trans-Adriatic Pipeline). Commissioning date: October 2018 (Greece, Italy, Albania)
- Gas interconnection (ITGI Interconnector Turkey-Greece-Italy). Commissioning date: 2018. (Italy, Greece)



Transport interconnections

- Connecting Europe Facility: "Orient – East Med" core network corridor: (Germany, Czech Republic, Austria, Slovakia, Hungary, Bulgaria, Romania, Greece, Cyprus)

