GREECE

INVESTMENT CLIMATE STATEMENT

2015

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Executive Summary

Greece continues to present a challenging climate for investment, both foreign and domestic. The previous government made substantial progress in carrying out fiscal and structural economic reforms. A number of these reforms aimed to simplify the investment framework, and the government actively sought to attract foreign investment to drive the country's long-term economic recovery.

A new, leftist government took office in January 2015 parliamentary elections. The new government has sought extensive renegotiation and easing of the terms of the country's bailout agreement with the European Union (EU), European Central Bank (ECB), and International Monetary Fund (IMF). The slow progress of these negotiations, Greece's increasingly tight public finances and concern over the government's long-term commitment to market-friendly reforms has contributed to renewed economic uncertainty.

Greece's rapid fiscal consolidation, improved labor cost competiveness, and continued membership in the Euro area contributed to continued improvement in investor sentiment in 2014. Hedge funds and other investment funds, followed by traditional investors, began to return to Greece in 2014 to participate in ongoing privatization of state assets and to invest in the principal banks. However, concern over the direction of the new government's national economic policies has essentially frozen new investment and caused some existing investors to scale down or withdraw entirely from the Greek market.

At the end of 2014, public debt reached a high of 177.7% of GDP, but is forecast to stabilize in 2015 and decline as a percentage of GDP thereafter. Preliminary estimates suggest that in 2014, the economy posted modest growth around 0.8%, its first positive growth since 2008. While forecasts continue to project GDP expansion in 2015, EU and IMF projections have been revised downward from 2.9% to 2.5% since the beginning of the year. The government's own projection has been cut to 1.4%. Since 2008, Greek GDP has shrunk by 28%, and depressed demand, wage and pension cuts, and high unemployment have led to a considerable rise in the percentage of loans which are non-performing (NPLs). The banking sector was strengthened following recapitalization programs and broad sector consolidation in 2012 and 2013, helping the banking sector stabilize in 2014. However, the extended economic crisis, and rising NPL rates, led to a sharp contraction in bank lending and investment. Greece's banks entered a period of renewed difficulty in late 2014 and early 2015 as depositors withdrew over EUR 28 billion in holdings in response to renewed economic uncertainty.

Between July 2012 and January 2015, the country's then center-right/center-left coalition government made rapid progress in reducing enormous national fiscal imbalances. At the end of 2014, the general government deficit was 3.5% of GDP. Excluding debt service obligations, Greece generated a primary budget surplus of EUR 750 million (USD 1 billion), approximately 0.4% of GDP. Consistent with the requirements of the EU/IMF bailout program in force since March 2010, in 2014, the government sought to liberalize the labor market, open closed product markets, sell state-owned assets and enterprises to generate revenue and enhance competitiveness, cut public payrolls, reform the tax code, strengthen tax enforcement, and streamline investment procedures. The previous government established a consolidated investment and trade promotion agency, renamed Enterprise Greece.

The new government, however, entered office in January 2015 highly critical of the existing reform agenda under the bailout program as overly focused on public spending cuts (austerity), and reforms which it viewed as ineffective. As of early April 2015, the government has continued to balk in carrying out the existing structural reform agenda mandated under the EU/IMF bailout program, and instead submitted a new set of reform proposals in an effort to satisfy the country's lenders. This new reform agenda focused on proposals to increase revenue generation, improve tax compliance, overhaul public administration and rationalize social security funds, while also seeking to increase social spending for humanitarian relief and supplemental pensions. The government continued to resist meeting creditor demands for new, specific reform proposals, as the government veered toward a cash shortage in meeting its domestic and international obligations.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Greece continues to present a challenging climate for investment, both foreign and domestic. However, numerous structural reforms, undertaken as part of the country's international bailout program, aim to welcome and facilitate foreign investment. The country has undergone a rapid fiscal consolidation, with broad and deep cuts to public expenditures and significant increases in tax rates and enforcement. In 2014, excluding debt service payments, the government budget recorded a surplus of EUR 630 million, marginally higher than the primary surplus of EUR 603 million achieved in 2013. Including debt payments, the government ran a fiscal deficit of EUR 6.3 billion in 2014, lower than the 2013 deficit of EUR 22.5 billion. Overall, as a percentage of GDP, the fiscal deficit has rapidly declined from -9.6 % in 2011 to -3.5% in 2014. The debt/GDP ratio, increased slightly to 177.7% in 2014, compared to 174.9% in 2013, as a result both of Greece's bailout loans adding to the debt stock and the country's sharply contracted GDP.

The terms of Greece's bailout loans, which are primarily in the form of bilateral loans from other Eurozone member states, are very favorable, with low interest payments and a long repayment profile. After six years of recession in which Greece lost about 28% of GDP, the economy returned to modest growth of 0.8% in 2014. The high debt/GDP ratio is projected to fall going forward, assuming growth continues. The protracted economic crisis had led to a contraction in bank lending, but investor sentiment began to improve in 2014 as Greece carried out a number of structural economic reforms required by the terms of its bailout program, and wage costs dropped, improving labor market competitiveness. These improvements began to attract new foreign, primarily portfolio, investment. Despite these nascent gains, corruption and burdensome bureaucracy continue to create barriers to market entry for new firms, permitting a few incumbents to maintain oligopolies in different sectors, and creating scope for arbitrary decisions and rent seeking on the part of public servants.

Other Investment Policy Reviews

The government has not undergone an investment policy review by the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), or United Nations Committee on Trade and Development (UNCTAD), or cooperated with any other international institution to produce a public report on the general investment climate. However, in November 2013, the OECD published a report on Greece's competitiveness with numerous recommendations for further, market-oriented reforms. The previous government has adopted or agreed to adopt the majority of these OECD recommendations, which were considered during the 2013-14 bailout program review negotiations between the EU, IMF, and the Greek government. The new government has sought the OECD's counsel and technical assistance to carry out select reforms from the recommendations and develop additional reforms more in line with the government's heavy emphasis on social support and solidarity.

Laws/Regulations of Foreign Direct Investment

In recent years, some progress has been made in adopting laws aimed at fostering growth, reducing bureaucratic hurdles, and attracting foreign investment. Towards this end, the government established in 2014 Enterprise Greece, merging the previous Invest in Greece investment promotion agency with the Hellenic Foreign Trade Board, to create a primary point of contact for investors. The new agency reports to the Ministry of Economy, acting as an information source for investors and as an interface with other agencies of the Greek government on behalf of investors.

- Law 4146/2013, entitled the "Creation of a Business-Friendly Environment for Strategic and Private Investments" is the primary investment incentive law currently in force. The law aims to modernize and improve the institutional framework for private investments, raise liquidity, accelerate investment procedures, and increase transparency. It seeks to provide an efficient institutional framework for all investors and speed the approval processes for pending and approved investment projects. The law created a general directorate for private investments within the Ministry of Economy (formerly Development), and reduced the value of investments needed to be considered strategic. The law also provides tax exemptions and incentives to investors, and allows foreign nationals from non-EU countries who buy property in Greece worth over EUR 250,000 (USD 275,000) to obtain five-year renewable residence permits for themselves and their families. The law further foresees the creation of a central licensing authority aimed at establishing a one-stop-shop service to accelerate implementation of major investments. More about this law can be found online at: http://www.investingreece.gov.gr/default.asp?pid=22&la=1 and at http://www.investingreece.gov.gr/default.asp?pid=180&la=1

- Law 3908/2011 is gradually being phased out by law 4146 (above).

- Law 3919/2011 aims to liberalize more than 150 currently regulated or closed-shop professions. The implementation of this law continued in 2013 and 2014.

- Law 3982/2011 reduced the complexity of the licensing system for manufacturing activities and technical professions and also modernized certain qualification and certification requirements to lower barriers to entry.

- Law 4014/2011 simplified the environmental licensing process.

- Law 3894/2010 (also known as fast track) allows Enterprise Greece to expedite licensing procedures for qualifying investments in the following sectors: industry, energy, tourism, transportation, telecommunications, health services, waste management, or high-end technology/innovation. To qualify, investments must meet one of the following conditions:
- exceed EUR 100 million;
- exceed EUR 15 million in the industrial sector, operating in industrial zones;
- exceed EUR 40 million and concurrently create at least 120 new jobs; or
- create 150 new jobs, regardless of the monetary value of the investment.

More about Fast Track licensing of Strategic Investments can be found online at: http://www.investingreece.gov.gr/default.asp?pid=216&la=1

Other investment laws include:

- Law 3389/2005 introduced the use of public private partnerships (PPP). This law aimed to facilitate PPPs in the service and construction sectors by creating a market-friendly regulatory environment.

- Law 3426/2005 completed Greece's harmonization with EU Directive 2003/54/EC and provided for the gradual deregulation of the electricity market. Law 3175/2003 harmonized Greek legislation with the requirements of EU Directive 2003/54/EC on common rules for the internal electricity market. Law 2773/99 initially opened up 34% of the Greek energy market, in compliance with EU Directive 96/92 concerning regulation of the internal electricity market.

- Law 3427/2005, which amended Law 89/67, provides special tax treatment for offshore operations of foreign companies established in Greece. Special tax treatment is offered only to operations in countries that comply with OECD internationally-agreed tax standards. The most up-to-date list of countries in compliance can be found at http://www.oecd.org/dataoecd/50/0/43606256.pdf

- Law 2364/95 and supporting amendments governs investment in the natural gas market in Greece.

- Law 2289/95, which amended Law 468/76, allows private (both foreign and domestic) participation in oil exploration and development.

- Law 2246/94 and supporting amendments opened Greece's telecommunications market to foreign investment.

- Legislative Decree 2687 of 1953, in conjunction with Article 112 of the Constitution, gives approved foreign "productive investments" (primarily manufacturing and tourism enterprises) property rights, preferential tax treatment, and work permits for foreign managerial and technical staff. The Decree also provides a constitutional guarantee against unilateral changes in the terms of a foreign investor's agreement with the government, but the guarantee does not cover changes in the tax regime.

Industrial Promotion

According to the latest investment law (4146), government programs to attract investments exist in the following sectors: seaplanes, tourism, real estate, public private partnerships, strategic investments and privatizations, energy (pipelines, hydrocarbon exploration). For more information see Enterprise Greece at http://www.investingreece.gov.gr.

Limits on Foreign Control

As a member of the EU and the European Monetary Union (the "Eurozone"), Greece is required to meet EU and Eurozone investment regulations. To this end, the government has opened the telecommunications market to foreign investment. The electricity market in Greece is currently partially deregulated. The prior government took steps in this direction, including a breakup and privatization of the state-owned Public Power Corporation (PPC), but the new government announced it would block the sale and keep PPC entirely under state control. Since EU legislation directs continued deregulation of the Greek electricity market, the Greek government's recent policy reversals may lead to EU challenges. The new government has announced its interest in the state retaining a major or controlling interest in other energy projects including hydrocarbon exploration, and other sectors of the economy it views as strategic. Restrictions exist on land purchases in border regions and on certain islands because of national security considerations. Foreign investors can buy shares on the Athens Stock Exchange on the same basis as local investors.

Privatization Program

The Hellenic Republic Asset Development Fund, an independent non-governmental privatization fund, was established in 2011 under Greece's bailout program to manage the sale or concession of major government assets, to raise substantial state revenue, and to bring in new technology and know-how for the commercial development of these assets. These include listed and unlisted state-owned companies, infrastructure, and commercially valuable real estate (buildings and land). Foreign and domestic investor participation in the privatization program has generally not been subject to restrictions, although the economic environment during the crisis has made it difficult for the private sector to raise funds to purchase firms slated for privatization.

Privatizations have been subject to a public bidding process, which is easy to understand, non-discriminatory, and transparent. The inventory of targeted assets for privatization consists of 50% land parcels, 35% infrastructure (including energy infrastructure, such as the natural gas grid), and 15% public companies (e.g., public utilities such as gas, electricity and water). In consultation with the EU/ECB/IMF, the government set initial targets for privatization proceeds of EUR 15 billion by end-2012 and EUR 50 billion by end-2015. Extremely slow progress forced the government to revise these targets downward repeatedly. In 2013, the program met its reduced target of EUR 1.2 billion, but failed to meet 2014 targets. In 2014, privatizations included Hellenikon (the land plot of the former airport in Athens), the sale of the land in Afantou Rhodes, licenses for horse race betting, and sale of a number of residential properties. However, the government has yet to collect revenue for some of these projects. A major privatization of the Greek national energy grid DESFA remains uncompleted after 18 months, due to an ongoing review of the sale by the European Commission Directorate-General for Competition (DG COMP).

The new government initially opposed nearly all privatizations, issuing a number of conflicting statements over its policy aims. Under pressure from its creditors and in need of funding, the government has revised its stance to support completed privatizations and those underway, while reserving the right to modify current project terms. The government has referred to requiring a stronger state stake, including potential controlling stakes, in future projects. The government's revenue target for 2015 is EUR 1.5 billion, primarily for a major concession of 14 regional airports and for a large concession of the Piraeus cargo and passenger port.

Screening of FDI

Law 4146, passed in April 2013 and implemented in early 2014, established the General Directorate of Strategic Investments under the Ministry of Economy, Infrastructure, Maritime, and Tourism as a one-stop shop for investors. Its goal is to be the competent authority for accelerating license procedures for strategic investments. The Directorate also oversees Enterprise Greece, which evaluates business plan applications from investors and makes recommendations to an Inter-Ministerial Committee on Strategic Investments (ICSI). Currently, Enterprise Greece has ten affiliated fast track projects, whereas another five are in the pipeline, including in renewable energy, tourism, and mining. More information on the 2010 fast track law can be found at http://www.investingreece.gov.gr.

FDI screening is required for strategic investments, which are those that grant investors certain incentives.

Competition Law

Under Articles 101-109 of the Treaty on the Functioning of the EU, the European Commission (EC), together with member state national competition authorities, directly enforces EU competition rules. The Commission Directorate-General for Competition carries out this mandate in member states, including Greece. Greece's competition policy authority rests with the Hellenic Competition Commission, in consultation with the Ministry of Economy. The Hellenic Competition Commission protects the proper functioning of the market and ensures the enforcement of the rules on competition. It acts as an independent authority and has administrative and financial autonomy.

Investment Trends

After an initial EUR 110 billion bailout in May 2010 by the EC, the International Monetary Fund (IMF), and the European Central Bank (ECB) – formerly referred to as the Troika, but now called the Institutions – proved insufficient, a second EUR 130 billion financing package was approved in March 2012, payable in installment tranches through the end of 2014 for the EC funds, and early 2016 for the IMF funds. As part of the bailout agreement, Greece agreed to strong fiscal austerity measures and necessary structural reforms. The second package included a voluntary write-down of approximately 50% of the nominal value of privately-held Greek government debt (EUR 103 billion in absolute terms), and an additional EUR 30 billion of official assistance to recapitalize Greek banks. However, an extended election period in mid-2012 slowed the pace of reforms, the recession deepened, and Greece did not meet its fiscal targets in 2012.

The coalition government formed after the 2012 elections restarted Greece's reform efforts, passed an austere 2013 budget, updated the Medium Term Fiscal Strategy (MTFS), implemented labor reforms, modified the tax code, and improved tax enforcement. By the end of 2013, the government had cut the overall budget deficit to 3.5% of GDP and generated a small primary budget surplus (the budget less debt servicing) of 0.4% of GDP. The government had also agreed to implement numerous market-oriented reforms, some of which it successfully completed. These reforms were aimed at reshaping the investment framework to attract foreign investment and improve competitiveness as drivers of Greece's future economic growth. These measures included liberalizing closed-shop professions, overhauling tax administration, and reducing the size of the public work force.

In March 2014, the government and its lenders concluded the fourth review of Greece's performance under the second bailout program. The Commission's report said that the Greek government was implementing or is committed to undertaking in the near term additional important reforms to enhance Greece's growth potential, create job opportunities and spur investment. This includes concrete measures to liberalize transport and rental markets and to open up closed professions, as well as far- reaching energy market reforms and an overhaul of the privatization process for public enterprise and real estate assets. The fifth and final review of the EU's portion of the bailout program – initially set to expire in December 2014 – was extended to February 28, 2015, when the previous government was unable to reach a agreement with the EU/IMF lenders over its compliance with the program and fiscal forecast for 2015.

The new government sought to renegotiate the terms of the existing bailout and said it did not intend to conclude the fifth program review but rather would seek to create a new bailout program without austerity measures and with more short-term growth-oriented measures. Euro zone member state governments approved a further four-month extension of the Greek bailout accord through June 2015 to enable Greece and its lenders to work on a mutually acceptable compromise. As of early April 2015 no agreement had yet been found.

Final investment data for 2014 was not yet available as of April 2015. Foreign Direct Investment (FDI) increased further in 2013 compared to 2012. Total FDI inflows in the country in 2013 amounted to EUR 3.5 billion, an increase of 75% from 2012, driven by an increase in investments in services, primarily in the banking and telecommunications sectors. Net FDI inflows into Greece increased from EUR 1.3 billion in 2012 to EUR 2.1 billion in 2013 due to repatriation of profits to parent companies.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	69 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	61 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	50 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	22,690	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Foreign Exchange

Greece's foreign exchange market adheres to EU rules on the free movement of capital. Receipts from productive investments can be repatriated freely at market exchange rates. There are no restrictions on, or difficulties with, converting, repatriating, or transferring funds associated with an investment.

Remittance Policies

Remittance of investment returns is made without delay or limitation. There are no recent changes or plans to change investment remittance policies that have tightened or relaxed access to foreign exchange for investment remittances. Greece is not engaged in currency manipulation for the purpose of gaining competitive advantage. The country is a member of the Euro area, which employs a freely floating exchange rate. The euro has experienced large fluctuations since the financial crisis. In the first half of 2014, the euro was broadly stable against the dollar, but it subsequently depreciated by over 9% through mid-October. In real effective terms, the euro depreciated by 1.7% in the first half of 2014, and by an additional 1.8% in July and August.

The Financial Action Task Force (FATF), in its latest report on Greece (October 2011), recognized that the country had made significant progress in addressing the deficiencies identified in the 2007 Mutual Evaluation Report. All Core and all Key Recommendations are at a level essentially equivalent to compliant (C) or largely compliant (LC) under FATF definitions. In 2011, the FATF removed Greece from its regular follow-up process in recognition of this progress.

3. Expropriation and Compensation

Private property may be expropriated for public purposes, but the law requires this be done in a nondiscriminatory manner and with prompt, adequate and effective compensation. Due process and transparency are mandatory, and investors and lenders receive compensation in accordance with international norms. There have been no expropriation actions involving the real property of foreign investors in recent history, although legal proceedings over expropriation claims initiated, in one instance, over a decade ago, continue to work through the judicial system.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Greece has an independent judiciary; however, the court system is an extremely time-consuming and unwieldy means for enforcing property and contractual rights. The government committed, as part of the EU/IMF bailout packages in 2010 and 2012, to reforms intended to expedite the processing of commercial cases through the court system. Foreign companies report, however, that Greek courts sometimes still do not provide unbiased and effective recourse. Problems with judicial corruption still exist. Commercial laws accord with international norms.

Bankruptcy

Bankruptcy laws in Greece meet international norms. Under Greek bankruptcy law 3588/2007, private creditors receive compensation after claims from the government and insurance funds have been satisfied. Monetary judgments are usually made in euros unless explicitly stipulated otherwise. Greece has a reliable system of recording security interests in property. Greece ranks in the 52nd position for ease of resolving insolvency, out of 189 countries surveyed, in the World Bank's 2015 Doing Business report.

Investment Disputes

The Embassy is aware of a few ongoing investment disputes dating from more than ten years ago. Greece accepts binding international arbitration of investment disputes between foreign investors and the Greek government, and foreign firms have found satisfaction through arbitration. International arbitration and European Court of Justice judgments supersede local court decisions. The judicial system provides for civil court arbitration proceedings for investment and trade disputes. Although an investment agreement could be made subject to foreign legal jurisdiction, this is not common, particularly if one of the contracting parties is the Greek government. Foreign court judgments are accepted and enforced, albeit extremely slowly, by the local courts.

In an effort to create a more investor-friendly environment, the government established an Investor's Ombudsman service. The Ombudsman is authorized to mediate disputes that arise between investors and the government during the licensing procedure. The Ombudsman, housed within Enterprise Greece, can be employed by investors with projects exceeding EUR 2 million in value.

International Arbitration

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ICSID Convention and New York Convention

Greece is a member of both the International Center for the Settlement of Investment Disputes (ICSID) and the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York convention).

Duration of Dispute Resolution

Greece has an independent judiciary; however, the court system is a time-consuming and unwieldy means for enforcing property and contractual rights. The government has committed, under its international bailout agreements, to implementing significant reform of the judicial system, aimed at speeding adjudication generally and improving dispute resolution for investors.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Greece is in compliance with World Trade Organization (WTO) TRIMS requirements. There are no performance requirements for establishing, maintaining, or expanding an investment. Performance requirements may come into play, however, when an investor wants to take advantage of certain investment incentives offered by the government. Greece has not enacted measures that are inconsistent with TRIMs requirements, and the Embassy is not aware of any measures alleged to violate Greece's WTO's TRIMs obligations. Trade policy falls within the competence and jurisdiction of the European Commission Directorate General for Trade, and is generally not subject to regulation by member state national authorities. On November 5, 2012, China requested WTO consultations with the EU, Greece, and Italy regarding certain measures, including domestic content restrictions that affect the renewable energy generation sector relating to feed in tariff programs of EU member States, including but not limited to Italy and Greece.

Citizens of other EU member state countries may work freely in Greece. Citizens of non-EU countries may work in Greece after receiving residence and work permits. There are no discriminatory or preferential export/import policies affecting foreign investors, as EU regulations govern import and export policy, and increasingly, many other aspects of investment policy in Greece.

Investment Incentives

Investment incentives are available on an equal basis for both foreign and domestic investors in productive enterprises. The investment laws of Greece aim to increase liquidity, accelerate investment processes, and ensure transparency. The basic investment incentives law 4146/2013, Creation of a Development Friendly Environment for Strategic and Private Investments, aims to modernize and improve the institutional and legal framework to attract private investment. Separately, Law 3908/2011 (which replaced Law 3299/2004) provides incentives in the form of tax relief, cash grants, and leasing subsidies on qualifying investments in all economic sectors with some exceptions.

In evaluating applications for tax and other financial incentives for investment, Greek authorities consider several criteria, including: the viability of the planned investment; the expected impact on the economy and regional development (job creation, export orientation, local content use, energy conservation, environmental protection); the use of innovative technology; and the creditworthiness and capacity of the investor. Progress assessments are conducted on projects receiving incentives, and companies that fail to implement projects as planned may be forced to give up incentives initially granted to them. All information transmitted to the government for the approval process is to be treated confidentially by law.

Research and Development

Offset agreements, co-production, and technology transfers are commonplace in Greece's procurement of defense items. Although the most recent Greek defense procurement law eliminated offset requirements, there are a significant number of ongoing active offset contracts, as well as expired offset contracts with U.S. firms that are potentially subject to non-performance penalties. In 2014, the government had committed to resolving these contract disputes in a way that would satisfy both parties and avoid the imposition of penalties or fines. Significant progress subsequently was achieved in clearing up the backlog of unresolved offset contracts. However, since late 2014, little progress has been made. It remains unclear how the new government will approach the issue. This is an ongoing process without a clearly defined date for conclusion.

In general, U.S. and other foreign firms may participate in government financed and/or subsidized research and development programs. Foreign investors do not face discriminatory or other de jure inhibiting requirements. However, many potential and actual foreign investors assert that the complexity and overlapping nature of Greek regulations, the need to deal with many layers of bureaucracy, and the involvement of multiple government agencies all discourage investment.

Performance Requirements

The Greek government does not follow a policy of forced localization, designed to require foreign investors to use domestic content in goods or technology. Some foreign investors decide to partner with local companies or to hire local staff/experts, however, as a way to facilitate their entry into the market.

Data Storage

The government is not taking any steps to force foreign investors to keep a specific amount of the data they collect and store within Greek national borders.

6. Right to Private Ownership and Establishment

Foreign and domestic private entities have the right to establish and own business enterprises. They may engage in all forms of remunerative activity, including establishing, acquiring, and disposing of interests in businesses. Private enterprises enjoy the same treatment as public enterprises with respect to access to markets and other business operations, such as licenses and supplies. Liberalization of the banking system and increased compliance with EU norms has made credit equally accessible to private and public enterprises.

7. Protection of Property Rights

Real Property

Greek laws extend protection of property rights to both foreign and Greek nationals, and the legal system protects and facilitates acquisition and disposition of all property rights.

Multiple layers of authority in Greece are involved in issuance or approval of land use and zoning permits, creating disincentives to real property investment. Secured interests in property are movable and real, recognized and enforced. The concept of mortgage does exist in the market and can be recorded through the banks. The government is working to create a comprehensive land registry, which is expected to increase the transparency of real estate management. The second phase of the land registry project – registration of properties in major cities and urban areas – is slated for completion by the end of 2015. The third and last phase of the land registry – the registration of suburban, rural, and forest area properties – is scheduled to be completed by 2020. Greece ranks 116th, out of 189 for Ease of Registering Property in the World Bank's, Doing Business 2015 Report, up from 170th last year.

Intellectual Property Rights

Greece is a member of the World Intellectual Property Organization (WIPO), the Paris Convention for the Protection of Industrial Property, the European Patent Convention, the Washington Patent Cooperation Treaty, and the Bern Copyright Convention. As a member of the EU, Greece has harmonized its IP legislation with EU rules and regulations. The WTO-TRIPS agreement was incorporated into Greek legislation on February 28, 1995 (Law 2290/1995). The Greek government also signed and ratified the WIPO Internet treaties, and incorporated them into Greek legislation (Laws 3183 and 3184/2003) in 2003. Greece's legal framework for copyright protection is found in Law 2121 of 1993 on copyrights and Law 2328 of 1995 on the media.

Enforcement of patent rights is adequate in Greece. Patents are available for all areas of technology, and compulsory licensing is not used. The law protects patents and trade secrets for a period of 20 years. Violations of trade secrets and semiconductor chip layout design are not problems in Greece, though some companies have expressed concern about possible problems protecting test data of non-patented products.

Although patent rights are adequately enforced, overall enforcement of IPR laws is not rigorous, and rights holders continue to experience problems in Greece. Recently, the government improved IPR enforcement by establishing a department within the Ministry of Public Order and Citizen Protection (now part of the Ministry of Interior) for economic and cyber-crimes, including copyright infringement, and by preparing a code of conduct for Internet service providers. However, the government has not fully addressed copyright piracy on the Internet or adequately addressed end-user software piracy, in either the public or private sectors. The audiovisual, music, and software industries bear the brunt of these IPR violations in Greece. Unlicensed sharing of copyrighted software among multiple computers is the largest problem for the software industry, while unlicensed file sharing of music and movies on the Internet is rampant.

A law enacted in June 2011 (Law 3982/2011), which provides police ex officio authority to confiscate and destroy counterfeit goods, has been effective in some areas, though further coordination with trademark holders can still be improved. Data from the Greek government's Illegal Trade Coordination Center (SYKAP), established in 2013, indicates an increase in the number of illegal trade items seized and destroyed. According to SYKAP, Customs Services and other agencies recorded 13,630,611 products destroyed in 2014, up from 10,797,753 in 2013 and 2,052,483 in 2012. The government estimates that more than 60% of the seized goods are counterfeit products, while the rest concern non-brand products. A 2013 law to protect trademarks (Law no 4155/2013) shifted the burden of this cost of storage and destruction of counterfeit goods to the rights holder and beneficiary. Companies have asked Greek authorities to only require storage of a sample of the seized goods in official government facilities in order to reduce their burden of having to pay for storage for long periods of time. This remains an issue of contention for relevant parties. According to the government, counterfeit products in Greece are mainly luxury bags, wallets, footwear, clothing, accessories, and watches, cigarettes, spirits, cell phone batteries and accessories, sunglasses, toys, and spare car parts.

Although the Customs Authorities and Hellenic Police increased seizures and investigations of counterfeit goods in 2014, trademark violations, especially in the apparel and footwear sectors, are still widespread. Given these ongoing significant issues, Greece was placed back on the U.S. Special 301 Watch List in 2008, where it remains.

Resources for Rights Holders

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://wipo.int/directory/en/.

Embassy Point of Contact:
U.S. Embassy Athens
Economic Section
91 Vas. Sophias Avenue, Athens, Greece 10160
Phone: +30 210 720 2490
Office.Athens@trade.gov

A list of local attorneys is available at athens.usembassy.gov/medical-legal.html

American-Hellenic Chamber of Commerce
109-111 Messoghion Avenue, Politia Business Center
GR-115 26 Athens, Greece
Phone: +30 210 699 3559, Fax: +30 210 698 5686
Email: info@amcham.gr
Web Site: www.amcham.gr

8. Transparency of the Regulatory System

As an EU member, Greece is required to have transparent policies and laws for fostering competition. Foreign companies consider the complexity of government regulations and procedures and their inconsistent implementation to be a significant impediment to investing and operating in Greece. On occasion, foreign companies report cases where there are multiple laws governing the same issue, resulting in confusion over which law is applicable. Under the EC/ECB/IMF bailout program, the Greek government committed to implementing widespread reforms to simplify the legal framework for investment, including eliminating bureaucratic obstacles, redundancies, and undue regulations. The fast track law, passed in December 2010, aimed to simplify the licensing and approval process for "strategic" investments, i.e., large scale investments that will have a significant impact on the national economy (see paragraph 1.3, Laws/Regulations of FDI). Additionally, in 2013 Investment Law 4146/2013 was passed in Parliament in order to simplify the regulatory system and stimulate investment. This law provides additional incentives, beyond those in the fast track law, available to domestic and foreign investors, dependent on the sector and the location of the investment.

Greece's tax regime lacks stability, predictability, and transparency, presenting additional obstacles to investment. In an effort to close fiscal gaps and meet EU/IMF revenue requirements, the government imposed new taxes and increased existing tax rates, sometimes retroactively, which succeeded in quickly reducing Greece's budget deficit by the end of 2013 and produced a primary surplus in the budget. Foreign firms are not subject to outright discrimination in taxation, but numerous changes to tax laws and regulations since the beginning of the economic crisis have led to even greater unpredictability for many companies, both foreign and domestic. The government committed to comprehensive tax reform and passed amendments to simplify the tax code in January 2013. Additional legislation to overhaul the tax administration system passed Parliament in an omnibus bill in March 2014. The law intended to help meet government bailout agreement commitments and to reduce widespread tax evasion by strengthening penalties and improving enforcement. However, the new government, elected in January 2015, is currently in negotiations with the country's lenders over reform measures that would justify partial disbursement of remaining bailout funds. Tax reform remains a priority of the new government which has said it is committed to further amending the tax code, undertaking new efforts to combat tax evasion (by Greece's wealthy in particular), establishing new tax arrears payment plans, and considering possible write-offs of taxes owed to the state.

Generally, foreign investment is not legally prohibited or otherwise restricted. Proposed laws and regulations are published in draft form for public comment before Parliament takes up consideration of the legislation. The International Financial Reporting Standards (IFRS) accounting standards for listed companies were introduced in fiscal year 2005, in accordance with EU directives. These rules improved the transparency and accountability of publicly traded companies.

9. Efficient Capital Markets and Portfolio Investment

Following the European regulations, Greece is open to foreign portfolio investment. Law 3371/2005 sets an effective legal framework to encourage and facilitate portfolio investment. Law 3283/2004 incorporates the European Council's Directive 2001/107, setting the legal framework for the operation of mutual funds. The Bank of Greece complies with its IMF Article VIII obligations and does not generally impose restrictions on payments and transfers for current international transactions. In general, credit is allocated on market terms and foreign investors are able to get credit on the local market as well as have access to a variety of credit instruments.

Money and Banking System, Hostile Takeovers

The implementation of a broad-based bank recapitalization program in 2012 and 2013, and a rapid consolidation of institutions in the sector, largely stabilized the banking sector by early 2014. However, the economic crisis caused the ratio of non-performing loans (NPLs) to increase to 34.2% in September 2014 (up from 31.9% in December 2013). Poor asset quality has continued to inhibit the banks' ability to provide systemic financing. Private Greek banks successfully passed EU-wide stress tests in October 2014, though all remaining banks need to increase their quality capital. This has become more difficult as the banking sector has been pressured to absorb increasing amounts of government short term debt (T-bills) to help finance the Greek sovereign. Deposits stood at EUR 148 billion as of January 2015, down EUR 161 billion a year earlier. In the six-year period since September 2009 (when deposits reached their highest level), overall deposits have shrunk by a total of EUR 89 billion. As of September 2014 the Hellenic Bank Association listed the systemic banks assets as: National Bank, EUR 80.7 billion; Piraeus, EUR 80 billion; Euro bank, EUR 67.4 billion; Alpha Bank, EUR 66.8 billion.

In the second quarter of 2013, the four systemic banks completed recapitalization on the basis of a 2012 capital needs assessment commissioned by the Bank of Greece, consistent with the recapitalization framework prescribed in Law 3864/2010 and Cabinet Act 38/2012. Private management was preserved in three of the four banks after the private sector's contribution of EUR 3.1 billion towards the recapitalization of the systemic banks. The fourth systemic bank, Euro bank was fully recapitalized by the Hellenic Financial Stability Fund (HFSF). During this process, the four systemic banks acted as consolidators for the system, acquiring the good portions of resolved banks as well as the subsidiaries of foreign banks exiting the Greek market. Alpha Bank acquired Emporiki Bank; Euro bank acquired New Proton Bank and New Hellenic Postbank; National Bank integrated elements of First Business Bank (FBB) and Probank; Piraeus Bank integrated elements of ATEbank, plus the branches of Cypriot banks operating in Greece (Bank of Cyprus, Laiki Bank, Marfin Bank), and acquired Millennium Bank and Geniki Bank. As a result, the four systemic banks now account for more than 90% of domestic banking sector assets and stand to benefit from further synergies and elimination of excess capacity.

In mid-2013, the Bank of Greece retained a private consultant to conduct stress tests for a second time on the banking system, a requirement of the country's bailout program. These tests concluded in December 2013. The Bank of Greece released its assessment of the results on

March 6, 2014, requiring the country's four principal lenders to raise a total of EUR 6.4 billion in additional capital, EUR 5 billion of which was required for Euro bank and National Bank. The banks raised this capital from equity and bond markets, thereby averting the immediate need for supplementary assistance from the bailout fund.

On October 26, 2014, the European Banking Authority (EBA) published the results of the 2014 EU-wide stress test of 123 banks. In Greece, Alpha Bank and Piraeus Bank passed the stress tests successfully, while National and Euro bank passed provisionally. National Bank was found to have capital needs of EUR 930 million, and Euro bank of EUR 1.76 billion. Few U.S. financial institutions have a presence in Greece. In September 2014, Alpha Bank acquired the retail operations of Citi Bank including Diners Club. Bank of America serves only companies and some special classes of pensioners.

There are a limited number of cross-shareholding arrangements among Greek businesses. To date, the objective of such arrangements has not been to restrict foreign investment. The same applies to hostile takeovers, a practice which has been recently introduced in the Greek market. The government actively encourages foreign portfolio investment.

Greece has a reasonably efficient capital market that offers the private sector a wide variety of credit instruments. Credit is allocated on market terms prevailing in the Eurozone and credit is equally accessible by Greek and foreign investors. An independent regulatory body, the Hellenic Capital Market Commission, supervises brokerage firms, investment firms, mutual fund management companies, portfolio investment companies, real estate investment trusts, financial intermediation firms, clearing houses and their administrators (e.g., the Athens Stock Exchange), and investor indemnity and transaction security schemes (e.g., the Common Guarantee Fund and the Supplementary Fund), and also encourages and facilitates portfolio investments.

Owner-registered bonds and shares are traded on the Athens Stock Exchange (ASE), which has held developed country status since 2001, according to key western investment firms. It is mandatory in Greece for the shares of banking, insurance, and public utility companies to be registered. Greek corporations listed on the ASE that are also state contractors are required to have all their shares registered. In September 2014, FTSE announced that Greece remained on the developed countries list, but also in the FTSE group's "watch list" for possible demotion to advanced emerging status, and will remain on the watch list until September 2015, when the next annual country classification review will be conducted. In June 2013, equity index provider MSCI downgraded Greece to advanced emerging-market status, a first in the index's history, citing the ASE's loss of 90% of its value since the start of the financial crisis in October 2007 and after Greece failed to meet criteria regarding securities borrowing and lending facilities, short selling, and transferability.

10. Competition from State-Owned Enterprises

Greek state-owned enterprises (SOEs) are active in utilities, transportation, telecommunication, and the defense industry. A private website maintains an online list of SOEs, though it is not affiliated with official governmental sources. The uniform legal definition of an SOE is a company/organization that belongs to or is controlled and managed by the state. SOEs are supervised by the Finance Ministry's Special Secretariat for Public Enterprises and

Organizations, established by Law 3429/2005. Private companies previously were not allowed to enter the market in sectors where the SOE functioned as a monopoly, for example, water, sewage, or urban transportation. However, several of these SOEs are planned for privatization, a requirement of the country's bailout program with the EC/ECB/IMF, intended to liberalize markets and raise revenues for the state.

As of March 2015, the new government's conflicting public statements on privatization had led to considerable confusion among investors. Some senior officials have declared their opposition to previously approved privatization projects, while other officials have maintained the stance that the government remains committed to the sale of SOEs. Whether and how privatizations will continue remains to be seen. The electricity market is partially deregulated, and complete deregulation for low voltage users is part of the bailout agreement. The EU continues to push for Greek deregulation of high and medium voltage end user tariffs. In sectors opened to private investment, such as the telecommunications market, private enterprises compete with public enterprises under the same terms and conditions with respect to access to markets, credit and other business operations, such as licenses and supplies. The government actively seeks to end many of these state monopolies and introduce private competition as part of its overall reform of the Greek economy. SOE's purchase goods and services from private sector and foreign firms through public tenders.

OECD Guidelines on Corporate Governance of SOEs

All SOEs in Greece are governed by a board of directors. The majority of board members and all senior management are appointed by the government, with senior management appointments subject to parliamentary approval. Representatives of labor unions and minority shareholders also sit on SOE boards. The SOE board chairmen and managing directors are typically technocrats affiliated with the ruling party. Although they enjoy a fair amount of independence, they report to the relevant cabinet minister. SOEs are required by law to publish annual reports and to submit their books to independent auditing.

Sovereign Wealth Funds

There are no sovereign wealth funds in Greece. Public pension funds may invest up to 20% of their reserves in state or corporate bonds.

11. Corporate Social Responsibility

Awareness of corporate social responsibility (CSR) (including environmental, social, and governance issues) has been growing over the last decade among both producers and consumers. Several enterprises, particularly large ones, in many fields of production and services, have accepted and now promote CSR principles. A number of non-profit business associations have emerged in the last few years (Hellenic Network for Corporate Social Responsibility, Global Sustain, etc.) to disseminate CSR values and to promote them in the business world and society more broadly. These groups' members have incorporated in their practices programs that: contribute to the sustainable economic development of the communities in which they operate; minimize the impacts of their activities on the environment and natural resources; create healthy and safe working conditions for their employees; provide equal opportunities for employment and professional development; and provide shareholders with satisfactory returns through responsible social and environmental management. Firms that pursue CSR in Greece enhance the public acceptance and respect that they enjoy. In 2014, the government drafted a National Action Plan for Corporate Social Responsibility, which was uploaded for public consultation in September. The main goal of the plan is to increase the number of companies that recognize and use CSR to formulate their strategies.

OECD Guidelines for Multinational Enterprises

Greece, an OECD member state, adheres to the OECD's Guidelines for multinational enterprises. The International Investments Directorate within the Ministry of Economy serves as the required National Point of Contact.

12. Political Violence

In 2014, and continuing into the first quarter of 2015, Greece experienced frequent small-scale terrorist attacks such as targeted package bombs, improvised explosive devices, and unsophisticated incendiary devices (Molotov cocktails) from domestic anarchist groups aimed against the properties of political figures, party offices, private bank ATMs, privately-owned vehicles, ministries, police stations, and tax offices. Following January 25, 2015, national elections there has been an increase in anarchist demonstrations, many of which have resulted in property damage. While Greece had enhanced its anti-terrorism, counter-crime, and border control efforts over the last few years through new policies and cooperation through EU and bilateral agreements, the new government has begun to introduce policy changes in several of these areas, the results of which remain to be seen. Overall, bilateral counterterrorism cooperation with the Greek government is very good. Support from the Greek security services with respect to the protection of American interests is excellent.

Trade unions and civil society groups frequently held strikes and demonstrations in 2014 to protest the Greek government's implementation of austerity measures included in the EU/ECB/IMF loan packages. While most of these demonstrations and strikes were peaceful and small-scale, they often caused temporary disruption to essential services and traffic. Such strikes have dramatically decreased since the new government was elected in January on an anti-austerity platform. Anarchist and anti-authoritarian demonstrations increased in the first quarter of 2015 and anarchist groups are known to sometimes attach themselves to other demonstrations to create mayhem.

Starting in 2007, domestic terrorism re-emerged, dominated by four groups: Revolutionary Struggle (RS), Conspiracy of Fire Nuclei (CFN), Sect of Revolutionaries (SR) and The Popular Fighters Group (PFG). These groups typically have targeted security forces, government ministries, politicians, and Greek business. However, they have also launched attacks against U.S. and other Western businesses.

In July 2013 members of the terrorist organization Revolutionary People's Liberation Party/Front (DHKP-C) were arrested on Chios Island while trying to smuggle ammunition and heavy weaponry into Turkey. This prompted an expanded police investigation and additional arrests; in January 2015 eleven individuals were convicted and sentenced to prison for three to seven years on charges ranging from buying and transporting weapons to human smuggling. In February 2014, four members of DHKP-C, one of whom is a senior DHKP-C leader, were arrested in Athens; the senior leader was sentenced in June 2014 to seven years.

The RS, an anti-establishment radical leftist group, has claimed responsibility for a large number of attacks on police, banks, and other targets, including an RPG attack on the U.S. Embassy in January 2007 and the bombing of the Athens Stock Exchange in September 2009. In April 2013, five members of RS were convicted and sentenced to long-term imprisonment. Two additional members were convicted in absentia. In January 2014, Greek authorities issued a substantial reward for their arrest; one of whom was recaptured in July 2014. In April 2014 RS claimed responsibility for a car bomb attack targeting the offices of the IMF and Greek Central Bank.

The CFN first surfaced in January 2008 and claimed responsibility for several bomb attacks, including several mail bombs sent to foreign embassies and European officials in 2010. CFN claimed responsibility for a parcel bomb containing over a pound of explosives to a police station in Central Greece in April 2014 (the device malfunctioned and did not detonate). Incarcerated CFN members and sympathizers were also involved in a plot to break out prisoners from Korydallos prison; this plot was foiled by the Hellenic Police in January 2015.

The SR claimed responsibility for the murder of a police officer in Athens in June 2009, a number of other attacks on police and other targets throughout the year, and the assassination of journalist Sokratis Giolias in July 2010. As of March 2015 the Hellenic Police continue to examine linkages between one of the key accomplices involved in the plot to break out prisoners from Korydallos prison and SR.

The Popular Fighters Group (PFG), also known as the Group of Popular Fighters, claimed responsibility for the December 2014 attack on the Israeli Embassy in Athens, which resulted in no injuries and minor damage to the building. The shells found at the scene matched those used in the attack on the German Ambassador’s residence in Athens on December 30, 2013, for which PFG claimed responsibility in February 2014. PFG has also claimed responsibility for an indirect fire attack on a Mercedes-Benz building on January 12, 2014, and an attack in January 2013 against the headquarters of the then-governing New Democracy party in Athens.

Police generally believed that domestic terror organization 17 November (17N), responsible for 103 attacks and 23 killings –including five official Americans – was disbanded following the arrests and prosecutions of many of its members in the run-up to the 2004 Olympics. In January 2014, one imprisoned member failed to report back from a prison furlough; he was rearrested in January 2015.

13. Corruption

Bribery is a criminal act and the law provides severe penalties for infractions, although diligent implementation and enforcement of the law remains an issue. Historically, the problem has been most acute in the area of government procurement, as political influence and other considerations are widely believed to play a significant role in the evaluation of bids. In January 2013, the Ministry of Justice, Transparency, and Human Rights in Greece adopted the National Anti-corruption Action Plan, including provisions promoting transparency and accountability, ethical and moral behavior, monitoring and control mechanisms, etc. Prior to parliamentary elections on January 25, 2015, the previous government introduced and amended several legal provisions aimed at promoting transparency and accountability. One example was Law 4281 (August 8, 2014), which contains a broad set of provisions on state contracts and contractors and conforms Greek law to relevant EU directives. This law also expands the range of individuals subject to disclosure of financial assets from both the public and private sector.

The National Coordinator Against Corruption oversaw the coordination of the main anti-corruption authorities in Greece until the January 25, 2015, change in government. On March 19, 2015, the new coalition government passed Law 4320, which provides for the establishment of a General Secretariat for Combatting Corruption under the authority of a new Minister of State. Under Article 12 of the Law, this entity drafts coordinated plans of action and monitors their implementation, as well as maintaining operational control of and coordinating and supervising the Economic Police, the Financial and Economic Crime Unit (SDOE), the Ministries' Internal Control Units, and the Health and Welfare Services Inspection Body. The Minister of State may also appoint jointly with other relevant ministers the Special Secretary of SDOE and the heads of the abovementioned Services. Based on Law 4320, two major anti-corruption bodies, the Inspectors-Controllers Body for Public Administration (SEEDD) and the Inspectors-Controllers Body for Public Works (SEDE), were moved under the jurisdiction of the General Secretariat for Combatting Corruption.

The Ministry of Justice prosecutes cases of bribery and corruption. In cases where politicians are involved, the Greek Parliament can decide to conduct investigations and/or lift parliamentary immunity to allow a special court action to proceed against the politician. High-ranking public officials have been recently involved in corruption cases. In October 2014, the trial of former Minister of Defense Apostolos "Akis" Tsochatzopoulos began at an Appeals' Court and is still in progress. Tsochatzopoulos was convicted in 2013 of money laundering and bribery among other charges and sentenced to 20 years imprisonment.

The EC's 2014 anti-corruption assessment estimated the cost of Greece's yearly corruption at EUR 554 million. Ninety-nine percent of Greeks polled claimed that corruption was a widespread problem in the country, placing Greece well above the EU average of 76 percent. Three out of five Greeks polled said they believed corruption affected their everyday lives, compared to an EU average of only 26 percent. The report identified the health care system, political party funding, justice system, government procurement, and the "fragmented" anti-corruption apparatus as key areas of concern.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Greece is a signatory to the UN Anticorruption Convention, which it signed on December 10, 2003, and ratified September 17, 2008. As a signatory of the OECD Convention on Combating Bribery of Foreign Government Officials and all relevant EU-mandated anti-corruption agreements, the Greek government is committed in principle to penalizing those who commit bribery in Greece or abroad. The OECD Convention has been in effect since 1999.
Greek accession to other relevant conventions or treaties:

• Council of Europe Civil Law Convention on Corruption: Signed June 8, 2000. Ratified February 21, 2002. Entry into force: November 1, 2003.
• Council of Europe Criminal Law Convention on Corruption: Signed January 27, 1999. Ratified July 10, 2007. Entry into force: November 1, 2007.
• United Nations Convention against Transnational Organized Crime: Signed on December 13, 2000. Ratified January 11, 2011.

Resources to Report Corruption

Government Agency
Organization: The Inspectors-Controllers Body for Public Administration
Address: 60 Sygrou Avenue, 11742, Athens
Telephone number: +30 213 215 8800
Email address: seedd@seedd.gr

Watchdog Organization
Organization: Transparency International Greece
Address: 4 Thetidos Street, 115 28, Athens
Telephone number: (0030) 101 90, (0030) 210 7224940
Email address: tihellas@otenet.gr

14. Bilateral Investment Agreements

Greece and the United States signed the 1954 Treaty of Friendship, Commerce and Navigation, which provides certain investment protection, such as acquisition and protection of property and impairment of legally acquired rights or interests.

Bilateral Taxation Treaties

Greece and the United States signed a Treaty for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income in 1950. Greece reached an agreement in substance on November 30, 2014 on the terms of an intergovernmental agreement with the United States to implement the Foreign Account Tax Compliance Act (FATCA).

15. OPIC and Other Investment Insurance Programs

Full Overseas Private Investment Corporation (OPIC) insurance coverage for U.S. investment in Greece is currently available only on an exceptional basis. OPIC and the Greek Export Credit Insurance Organization signed an agreement in April 1994 to exchange information relating to private investment, particularly in the Balkans. Other insurance programs offering coverage for investments in Greece include the German investment guarantee program HERMES, the French agency COFACE, the Swedish Export Credits Guarantee Board (EKN), the British Export Credits Guarantee Facility (ECGF), and the Austrian Kontrollbank (OKB). Greece became a member of the Multilateral Investment Guarantee Agency (MIGA) in 1989.

For the purposes of OPIC currency inconvertibility insurance, currency inconvertibility is no longer an issue as Greece has been part of the Eurozone since January 1, 2001.

16. Labor

The national unemployment rate as of December 2014 was 26%, according to data reported by the Hellenic Statistical Authority in March 2015. There is an adequate supply of skilled, semi-skilled, and unskilled labor in Greece, although some highly technical skills may be lacking. The total number of immigrants is estimated to be as high as 1.1 million, approximately one-fifth of the work force. Around 40% of these are undocumented persons or hold expired residence permits, based on estimates made by Ministry of Interior officials in October 2014. Illegal immigrants predominate in the unskilled labor sector in many urban areas, as well as in agriculture. Greece has begun a process to regularize the status of some immigrants as long-term residents. In October 2014, there were 111,448 holders of 10-year residence permits. In November 2014, the number of legal migrants having a residence permit or applying for a residence permit was estimated at 587,102, with 70% of those from neighboring Albania.

Greece has ratified International Labor Organization (ILO) Core Conventions. Specific legislation provides for the right of association and the rights to strike, organize, and bargain collectively. Greek labor laws set a minimum age (15) and wage for employment, determine acceptable work conditions and minimum occupational health and safety standards, define working hours, limit overtime, and apply certain rules for the dismissal of personnel. Many of these regulations were modified by legislation and executive orders in 2014 to make the labor market more flexible, in conformity with Greece's commitments to improve competitiveness under the EU/ECB/IMF bailout program.

In July 2014 there was a one-off legislative measure mandating a 2.9% reduction in the contributions to social security paid by employers and a 1% reduction in contributions paid by employees. This reduction in contributions has been the second since Greece entered the bailout program, after a 1.1% reduction in November 2012. The government sets restrictions on mass dismissals in private and public companies employing more than 20 workers. Dismissals exceeding in number the limits set by law require consultations through the Supreme Labor Council (with worker, employer, and government representatives participating), and government authorization. Based on a ministerial decision in February 2014, the competency for approving dismissals passed from the Minister of Labor to the Ministry's Secretary General.

Legislation passed between December 2010 and 2013 liberalized national collective bargaining agreements, allowing private companies more freedom to negotiate in-house labor agreements with employees. Previously, companies were limited to negotiating under a very strict legal framework, especially on issues such as suspensions and layoffs. Legislation to open several "closed" professions – industries where regulation effectively creates quotas – including pharmacists, lawyers, notaries, and engineers was passed in 2011, and additional measures were taken in 2013 to implement the reforms. Implementation remains uneven however, with several professions effectively remaining closed.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

Greece has three free-trade zones, located at the Piraeus, Thessaloniki, and Heraklion port areas. Greek and foreign-owned firms enjoy the same advantages in these zones. Goods of foreign origin may be brought into these zones without payment of customs duties or other taxes and may remain free of all duties and taxes if subsequently transshipped or re-exported. Similarly, documents pertaining to the receipt, storage, or transfer of goods within the zones are free from stamp taxes. Handling operations are carried out according to EU regulations 2504/1988 and 2562/1990. Transit goods may be held in the zones free of bond. These zones also may be used for repackaging, sorting, and re-labeling operations. Assembly and manufacture of goods are carried out on a small scale in the Thessaloniki Free Zone. Storage time is unlimited, as long as warehouse rents are paid every six months.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		**USG or international statistical source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2013	197,600	2013	242,200	www.worldbank.org/en/country

Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2013	6,100	2013	-43,000	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States ($M USD, stock positions)	2013	34,100	n/a	n/a	
Total inbound stock of FDI as % host GDP	n/a	n/a	2013	11.7	

*Bank of Greece

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	23,817	100%	Total Outward	37,663	100%
Luxembourg	6,827	29	Cyprus	7,371	20
Germany	6,294	26	Turkey	6,369	17
Netherlands	4,240	18	Romania	3,221	9
France	2,869	12	Netherlands	3,034	8
Spain	1,439	8	United States	2,458	7
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	153,568	100%	All Countries	7,523	100%	All Countries	146.045	100%
Luxembourg	79,785	52	Luxembourg	5,283	70	Luxembourg	74.501	51
U.K.	31,463	20	Ireland	635	8	U.K.	31,385	21
Italy	15,229	10	United States	388	5	Italy	15,195	10
Spain	7,004	5	Switzerland	239	3	Spain	6,979	5
France	3,689	2	France	228	3	France	3,461	2

Source: IMF Coordinated Portfolio Investment Survey

19. Contact for More Information

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Office.Athens@trade.gov