

# **GREECE: FDI PERSPECTIVES**

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# OECD EU HAVE IDENTIFIED THE NEED FOR INVESTMENT IN GREECE

- EU expects an increase in investment of 12.8% in 2017.
- The EU is expecting that investment should also benefit from the successful recapitalisation of the banks and the re-launch of privatisations.

SOURCE: EC ECONOMIC FORECAST, [http://ec.europa.eu/economy\\_finance/eu/forecasts/2016\\_winter/el\\_en.pdf](http://ec.europa.eu/economy_finance/eu/forecasts/2016_winter/el_en.pdf)

- The OECD is expecting a quicker recovery in investment with a 8.6% increase in 2016 and 5.7% in 2017.
- OECD's latest report on Greece recommends that: "In addition to implementing structural reforms that boost growth and undertaking reforms that take advantage of the better external demand conditions, measures to accelerate private investment, particularly foreign direct investment, which is very low in Greece, are needed".

SOURCE: OECD REPORT 2016, <http://www.oecd.org/eco/surveys/GRC%202016%20Overview%20EN.pdf>

# MOTIVES FOR FDI

**Market-seeking:** Investing in a host country in order to serve the market directly rather than through exporting.

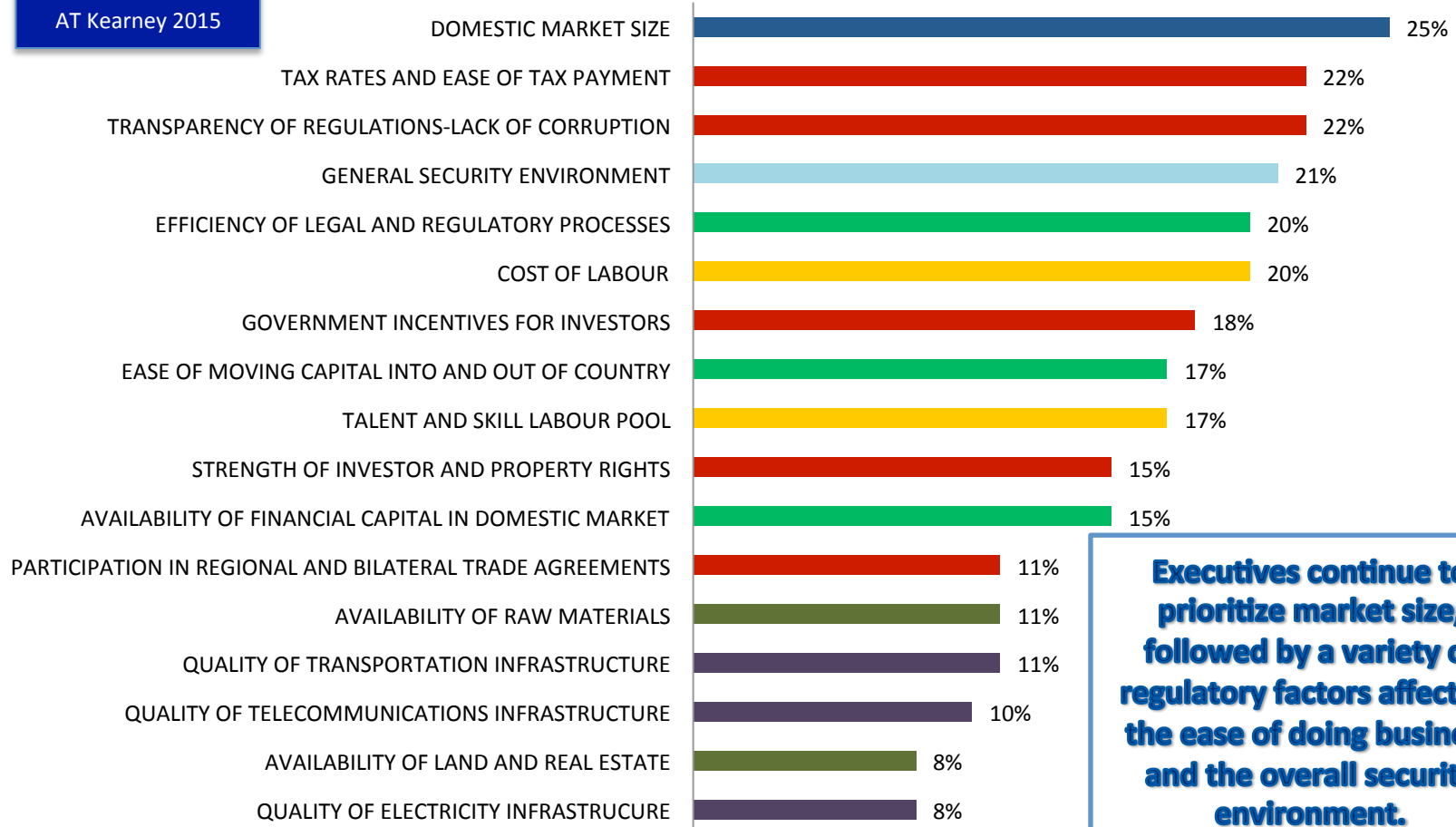
**Resource-seeking:** Companies which rely heavily on natural resources can gain cheaper and more reliable access to inputs by establishing or acquiring firms in resource-rich locations.

**Strategic asset-seeking:** Access to advanced technologies, skills and other highly developed productive capabilities can be secured by making investments in locations with a high quality of S&T and a high availability of skilled labour.

**Efficiency-seeking:** Companies allocate parts of their production chain to different countries in order to exploit specialisation advantages across the value chain (product specialisation) and along the value chain (process specialisation).

# TOP FACTORS INFLUENCING FDI DECISIONS

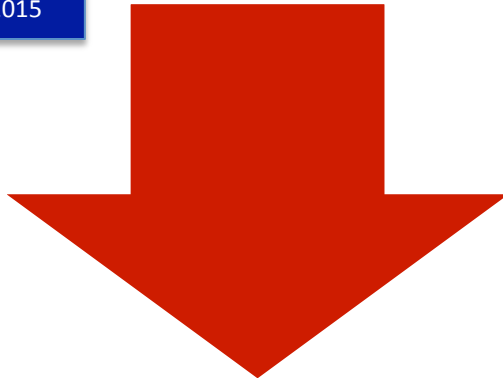
AT Kearney 2015



**Executives continue to prioritize market size, followed by a variety of regulatory factors affecting the ease of doing business and the overall security environment.**

# FACTORS INFLUENCING FDI DECISIONS IN 2015

AT Kearney 2015



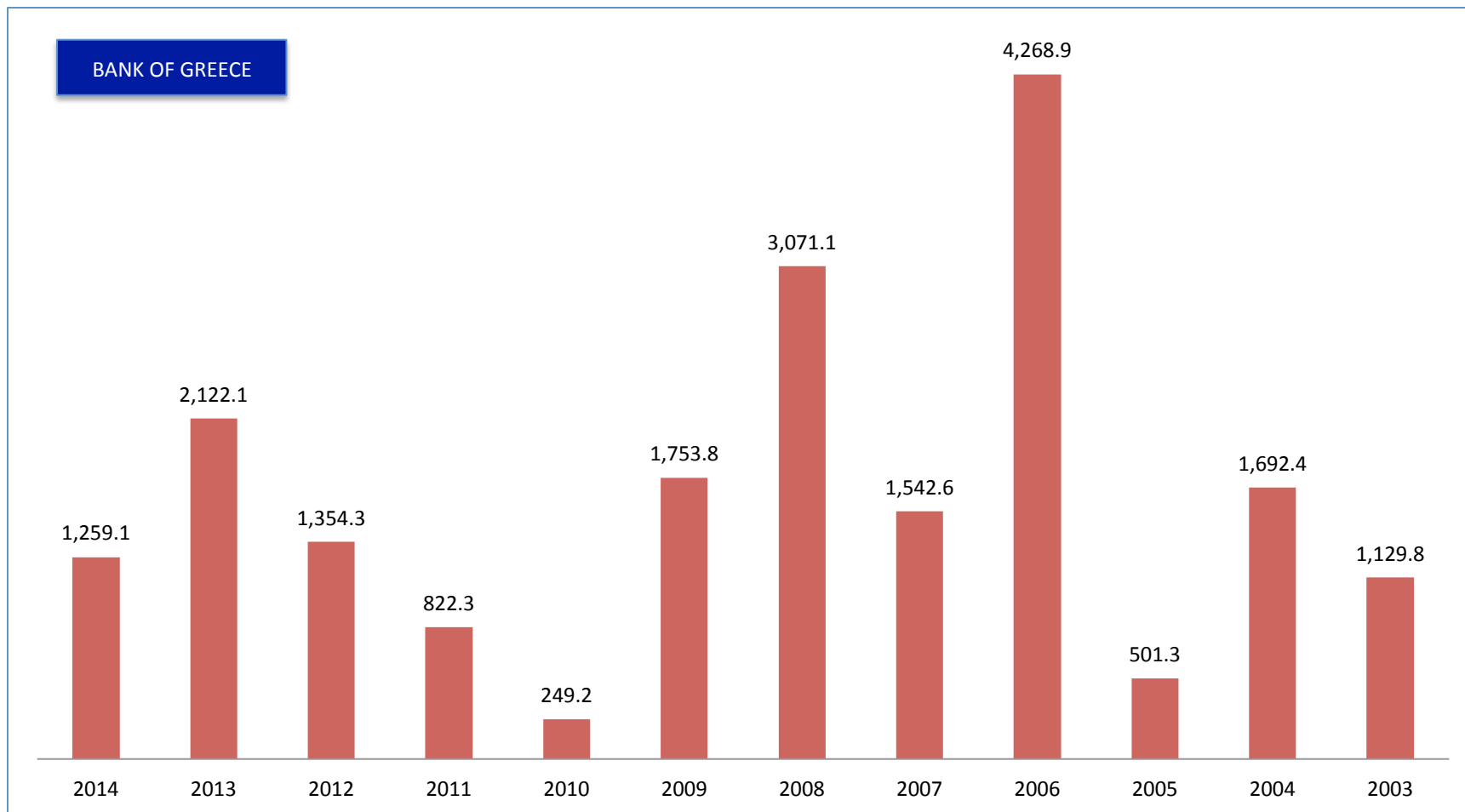
**DISCOUNTED PRICES**  
**SUFFICIENT FUNDS**



**MACROECONOMIC  
UNCERTAINTY**  
**LOWER RISK  
TOLERANCE**



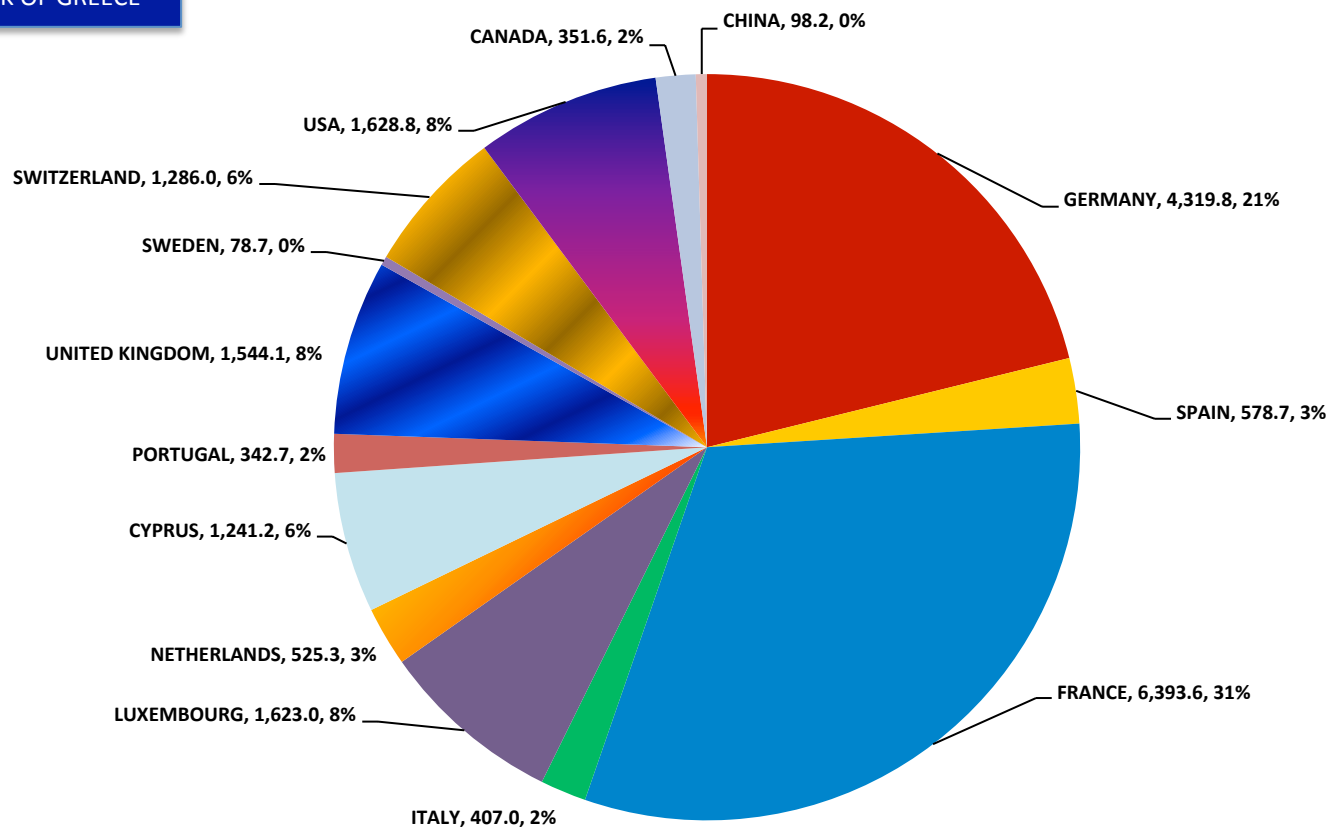
# GREECE: FDI - NET INVESTMENT POSITION UNDERMINED



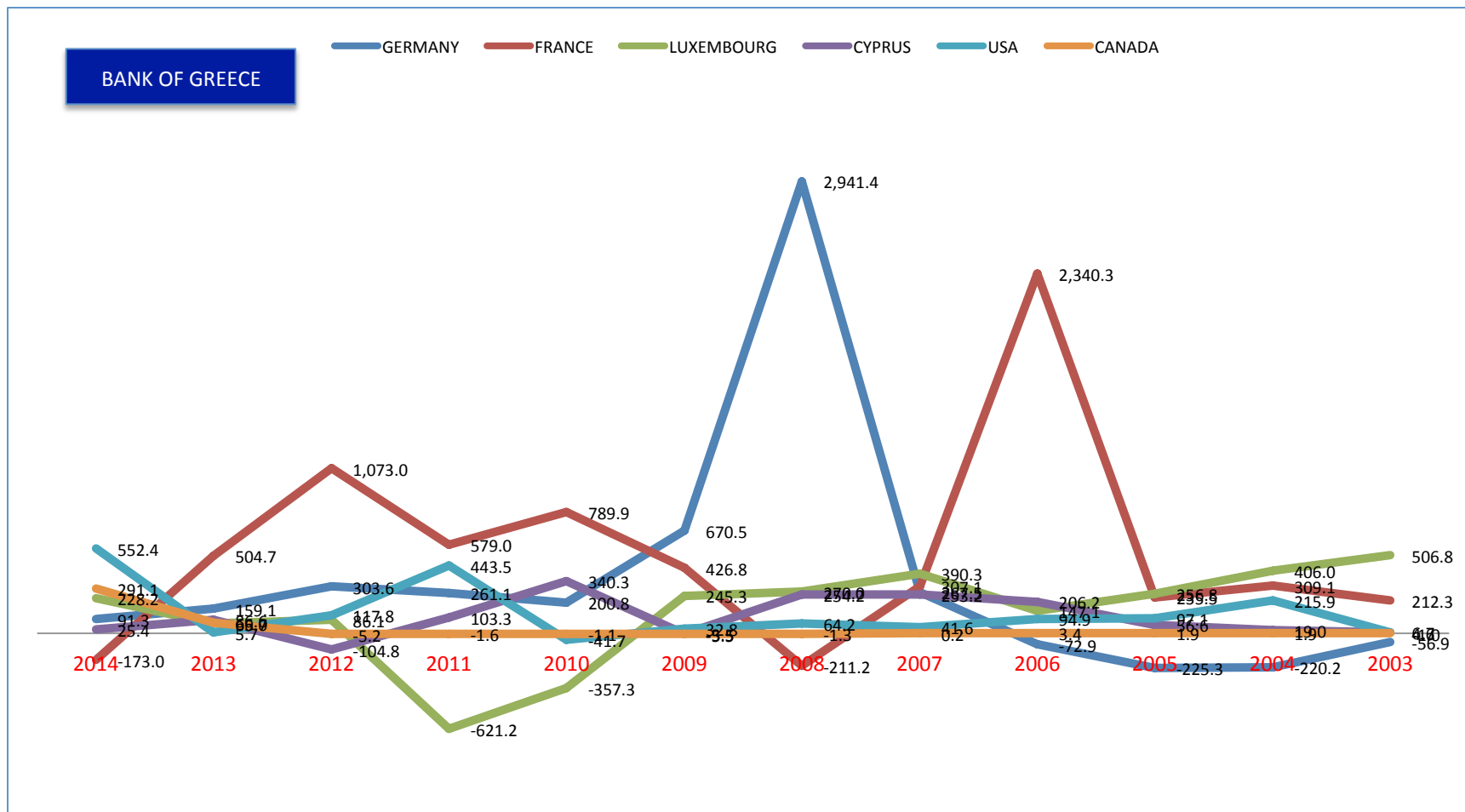
# FRANCE AND GERMANY ARE THE DOMINANT PARTNERS

BANK OF GREECE

CUMULATIVE FDI 2003-14



# ALL MAJOR COUNTRIES OF ORIGIN HAVE BEEN CAUTIOUS DURING THE CRISIS - FDI HAS EBBED





# GREECE MUST IMPROVE FDI PROFILE

- Consolidate investment in primary sector related activities.
- Improve service and utilities related investment.

## MARKET & RESOURCE SEEKING

## STRATEGIC ASSET & EFFICIENCY SEEKING

- Attract more investors with interest in strategic assets.
- Improve cross border value chain integration.



# RECOMMENDATIONS

## SHORT TERM

- Cut-down bureaucracy.
- Minimize corruption.
- Accelerate legal enforcement.
- Reinforce tax transparency and predictability.
- Increase efficiency of tax examination and collection.
- Reinforce investor communication.

## LONG TERM

- Develop and Sustain social partners' commitment.
- Increase the flexibility of the educational system.
- Create high profile industry research clusters.
- Build around existing success cases.
- Improve business environment in high priority sectors.