



GREECE

What's happening in this economy

Greece's centre-right New Democracy party formed a majority government following early elections on 7 July 2019.

Prime Minister Mitsotakis has made a strong start in implementing a pro-reform and business-friendly agenda. The government has a good chance of completing its four-year term to 2023.

Greece is in the early stages of recovering from a decade-long economic crisis.

The economy grew 1.9 per cent in 2018 and may grow up to two per cent in 2019. Investment and exports will likely continue on an upward trend in the short term. Capital controls, established in 2015, were lifted on 1 September 2019. However a number of external (e.g. slower Eurozone growth rates) and domestic factors (e.g. high public debt, fiscal constraints, high proportion of non-performing loans) could negatively impact medium-term prospects. Greece's economy needs significant FDI with some estimates suggesting it will need up to EUR 120 billion (AUD 195 billion) by 2022.

Greece's tourism and shipping sectors are the two key engines of the economy, although there may be skills gaps in tourism. Greece's ambitious privatisation program may still present some opportunities to Australian companies in sectors including energy and infrastructure (e.g. roads, ports and energy distribution). Australia's defence export capabilities can help modernise Greece's Armed Forces. Greece's real estate, logistics, energy, mining, agribusiness, medical and financial sectors also offer opportunities. A start-up community is emerging.

Challenges include high public debt, fiscal constraints, high taxation and social security contribution rates, fragilities in the civil service and the judiciary, bureaucratic hurdles, corruption, policy instability, polarisation and negative demographic trends. The financial problems of Greece's Public Power Corporation—one of the country's largest companies—pose an immediate challenge.

As an EU member, Greece is a future FTA partner. It does not receive Australian development assistance.

Trade, investment and commercial opportunities and activities

- The presence of Australian companies in Greece is limited. Potentially promising sectors for trade and investment opportunities include:
 - tourism, shipping, infrastructure, energy and mining

Key Facts and Figures

- Population: 10.7 million
- GDP growth: 2.1% (2018)
- GDP per capita PPP: USD 20,407 (2017)
- Political system: parliamentary democracy
- Two-way merchandise and services traded AUS 1,1 billion (2018): vegetables, cheese and curd, medicaments
- Two-way investment/major investments: AUD 477 million. Hellaktor (construction/energy), METKA (construction/energy) and Intralot (software)
- Aid relationship: None
- As of March 2018, there were 628 Greek students in Australia



connecting Australian business to the world

- education and vocational training
 - financial sector
 - logistics
 - health and aged care
 - premium food (especially wine)
 - agribusiness, and
 - defence.
- Major showcasing and networking platforms for business include:
 - the Thessaloniki International Fair (normally held in September)
 - the Posidonia International Shipping Exhibition (normally held in June-July in Athens), and
 - the Defence Exhibition Athens (which will be held in June 2020).
 - Until recently, Greek companies were not a significant source of FDI for Australia. But since 2018, two Greek energy and construction majors (Hellaktor and METKA) have invested in Australia’s renewables energy sector:
 - the total combined amount of investment by these two companies could exceed AUD 500 million.
 - Greece needs significant FDI in coming years in its recovery efforts.

Trade policy and negotiations

As an EU member state, trade negotiations for the proposed Australia–EU Free Trade Agreement will be conducted by the European Commission (DG Trade and DG Agri). The commission will work closely with member states on major issues and at key junctures of the negotiations. The Council of the EU (member state ministers) and the European Parliament will need to approve the final deal.

Greece has expressed support for the FTA and has flagged GIs (especially feta cheese) and agriculture, including agricultural market access, and shipping and maritime services as areas of particular interest.

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