Greece

RISK & COMPLIANCE REPORT

DATE: January 2017

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Executive Summary - Greece	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Medium Risk Areas:	US Dept of State Money Laundering assessment Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)

Major Investment Areas:

Agriculture - products:

wheat, corn, barley, sugar beets, olives, tomatoes, wine, tobacco, potatoes; beef, dairy products

Industries:

tourism, food and tobacco processing, textiles, chemicals, metal products; mining, petroleum

Exports - commodities:

food and beverages, manufactured goods, petroleum products, chemicals, textiles

Exports - partners:

Turkey 10.8%, Italy 7.7%, Germany 6.4%, Bulgaria 5.6%, Cyprus 5% (2012)

Imports - commodities:

machinery, transport equipment, fuels, chemicals

Imports - partners:

Russia 12.4%, France 7.5%, Italy 7.8%, Saudi Arabia 5.7%, Netherlands 4.7% (2012)

Investment Restrictions:

Greece provides a challenging climate for investment, both foreign and domestic.

As a member of the EU and the European Monetary Union (Eurozone), Greece is committed in principle to meeting EU and Eurozone investment regulations. To this end, the government has opened the telecommunications market, and the energy market has undergone some deregulation.

The European Commission is pressing for the complete deregulation of the electricity market by selling or privatizing the power plants of the government-owned Public Power Corporation. Restrictions exist on land purchases in border regions and on certain islands because of national security considerations.

Contents

Section 1 - Background

Greece achieved independence from the Ottoman Empire in 1830. During the second half of the 19th century and the first half of the 20th century, it gradually added neighboring islands and territories, most with Greek-speaking populations. In World War II, Greece was first invaded by Italy (1940) and subsequently occupied by Germany (1941-44); fighting endured in a protracted civil war between supporters of the king and other anti-communist and communist rebels. Following the latter's defeat in 1949, Greece joined NATO in 1952. In 1967, a group of military officers seized power, establishing a military dictatorship that suspended many political liberties and forced the king to flee the country. In 1974, democratic elections and a referendum created a parliamentary republic and abolished the monarchy. In 1981, Greece joined the EC (now the EU); it became the 12th member of the European Economic and Monetary Union in 2001. In 2010, the prospect of a Greek default on its euro-denominated debt created severe strains within the EMU and raised the question of whether a member country might voluntarily leave the common currency or be removed.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Greece is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The FATF has approved and published the follow-up report for Greece. Greece was originally placed in the regular follow-up process as a result of partially compliant and non compliant ratings in certain of the Core and Key Recommendations in its mutual evaluation report of June 2007. Greece has taken sufficient action to address these deficiencies and has therefore been taken off the regular follow-up process. Henceforth Greece will report back to the Plenary on any further improvements to its AML/CFT regime on a biennial basis.

US Department of State Money Laundering assessment (INCSR)

No longer catergorised a Jurisdiction of Primary Concern however the 2017 Report has not yet been published and, therefore, below is the 2016 report.

Greece was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Greece is a regional financial center for the Balkans, as well as a bridge between Europe and the Middle East. Official corruption, the presence of organized crime, and a large informal economy make the country vulnerable to money laundering and terrorist financing. Greek law enforcement proceedings show that Greece is vulnerable to narcotics trafficking, trafficking in persons, illegal migration, prostitution, smuggling of cigarettes and other contraband, serious fraud or theft, illicit gaming activities, and large scale tax evasion.

Evidence suggests financial crimes – especially tax related – have increased in recent years. Criminal organizations, some with links to terrorist groups, are trying to use the Greek banking system to launder illicit proceeds. Criminally-derived proceeds are most commonly invested in real estate, the lottery, and the stock market. Criminal organizations from southeastern Europe, the Balkans, Georgia, and Russia are responsible for a large percentage of the crime that generates illicit funds. The imposition of capital controls in June 2015 has limited, but not halted, the widespread use of cash, which facilitates a gray economy as well as tax evasion, although the government is trying to crack down on both trends. The government is working to establish additional legal authorities to combat tax evasion. Due to the large informal economy, it is difficult to determine the value of goods smuggled into the country, including whether any of the smuggled goods are funded by narcotic or other illicit proceeds.

Greece has three free trade zones (FTZs), located in the Heraklion, Piraeus, and Thessaloniki port areas. Goods of foreign origin may be brought into the FTZs without payment of customs duties or other taxes and 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 FTZs are free from stamp taxes. The FTZs also may be used for repacking, sorting, and re-labeling operations. Assembly and manufacture of goods are carried out on a small scale in the Thessaloniki Free Zone. These FTZs may pose vulnerabilities for trade-based and other money laundering operations.

Do financial institutions engage in currency transactions related to international narcotics trafficking that include significant amounts of US currency; currency derived from illegal sales in the U.S.; or illegal drug sales that otherwise significantly affect the U.S.: NO

Criminalization of money laundering:

"All serious crimes" approach or "list" approach to predicate crimes: Combination approach

Are legal persons covered: criminally: NO civilly: YES

Know-your-customer (KYC) rules:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: NO

KYC covered entities: Banks; credit companies, electronic money institutions, financial leasing and factoring companies; money exchanges and postal companies acting as intermediaries for funds transfers; stock brokers, investment services firms (including portfolio investment and venture capital), and collective and mutual funds; life insurance companies and insurance intermediaries; chartered accountants, auditors, and audit firms; tax consultants, tax experts, and related firms; real estate agents and companies; casinos and gambling enterprises (including internet casinos); auctioneers, dealers in high-value goods and pawnbrokers; notaries, lawyers, and trust and company service providers

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 5,198: January 1 – November 11, 2015

Number of CTRs received and time frame: Not applicable

STR covered entities: Banks; credit companies, electronic money institutions, financial leasing and factoring companies; money exchanges and postal companies acting as intermediaries for funds transfers; stock brokers, investment services firms (including portfolio investment and venture capital), and collective and mutual funds; life insurance companies and insurance intermediaries; chartered accountants, auditors, and audit firms; tax consultants, tax experts, and related firms; real estate agents and companies; casinos and gambling enterprises (including internet casinos); auctioneers, dealers in high-value goods and pawnbrokers; notaries, lawyers, and trust and company service providers

money laundering criminal Prosecutions/convictions:

Prosecutions: 328: January 1 – November 11, 2015

Convictions: Not available

Records exchange mechanism:

With U.S.: MLAT: YES Other mechanism: YES

With other governments/jurisdictions: YES

Enforcement and implementation issues and comments:

Austerity measures in the budget have affected all government agencies, including the financial intelligence unit (FIU). However, the FIU has limited, yet sufficient financial resources to ensure it is able to fulfill its responsibilities and that its powers are in line with international standards. The agency is currently in the process of upgrading its IT software and hardware. Once Greece transposes into law the EU's new AML directive, the government will be required to take several implementation steps on politically exposed persons (PEPs), the registry of beneficial owners, and the preparation of a National Risk Assessment. It is unclear whether the Ministry of Justice has enough resources available to deal with money laundering or terrorism financing cases.

Greece has obtained opinions from legal experts who deem it is not possible to implement corporate criminal liability in Greece because it is contrary to fundamental principles of the Greek civil law legal system. Greece has determined this opinion is sufficient and will not take any further action. However, many civil law countries have introduced corporate criminal liability.

Capital controls have not affected the quality of suspicious transactions reports (STRs) banks submit to the FIU. However, capital controls have increased procedural requirements for bank compliance officers. Greece has not adopted a system for reporting large currency transactions. Greece requires transactions above €1,500 (approximately $1,650) be executed with credit cards, checks, or cashier's checks, and all business-to-business transactions in excess of €1,500 (approximately $1,650) be carried out through checks or bank account transfers. All credit and financial institutions, including payment institutions, also must report on a monthly basis all transfers of funds abroad executed by credit card, check, or wire transfer. Transfers in excess of €100,000 (approximately $110,040) are subject to examination.

Greece should explicitly abolish company-issued bearer shares. It also should continue to deter the smuggling of currency across its borders. The government should ensure companies operating within its FTZs are subject to the same level of enforcement of AML/CFT controls as other sectors. Greece should make legal persons subject to criminal sanctions for money laundering. The government should ensure domestic PEPs are also subject to enhanced due diligence, ensure designated non-financial businesses and professions are adequately supervised and subject to the same reporting requirements as financial institutions, and work to bring charitable and nonprofit organizations under the AML/CFT regime. While the AML/CFT law contains provisions allowing for civil asset forfeiture and the Greek authorities make use of the relevant legislation, Greece should take steps to ensure a more effective confiscation regime. Greece also should develop procedures for the sharing of seized assets with third party jurisdictions that assist in the conduct of investigations.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Greece does not conform with regard to the following government legislation: -

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

EU White list of Equivalent Jurisdictions

Greece is on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Greece is not considered to be an Offshore Financial Centre

Report

US State Dept Narcotics Report

No report available

US State Dept Trafficking in Persons Report 2014 (introduction):

Greece is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Greece is a transit, destination, and a very limited source country for women and children subjected to sex trafficking and forced labor, and men subjected to forced labor. Some women from Eastern Europe (including Latvia, Lithuania, and Georgia), Nigeria, Dominican Republic, China, and some countries in Africa are subjected to sex trafficking in Greece. Victims of forced labor identified in Greece, are primarily children and men, from Afghanistan, Albania, Bangladesh, Bulgaria, India, Moldova, Pakistan, Romania, and Poland. Migrant workers from Bangladesh, Pakistan, and Afghanistan, are susceptible to debt bondage, reportedly in agriculture. According to police and NGOs, there has been an increase in the number of Roma children from Albania, Bulgaria, and Romania who are subjected to forced labor in Greece by family members to sell goods on the street, beg, or commit petty theft. Women reportedly are transported through the Aegean islands and through the Greek-Turkish border in Evros and instructed to file for asylum. They subsequently are subjected to sex trafficking in Athens and other major cities, in addition to being transported through Greece for forced labor and sex trafficking in Italy and other EU countries. Authorities identified two Greek citizens as victims of sex trafficking within the country. Asylum seekers from Bangladesh, India, and Pakistan were vulnerable to debt bondage imposed by smugglers and trafficking offenders. Restaurants, nightclubs, yacht rental companies, and other small businesses serve as money laundering fronts for small cells of criminal trafficking networks.

The Government of Greece does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government convicted more trafficking offenders compared to the previous reporting period and improved trafficking victim identification procedures for police responsible for screening women in prostitution. The government passed new legislation establishing a national coordinator for human trafficking. However, the government failed to make all victim services authorized by the law readily accessible to trafficking victims. There was no shelter for male victims and no emergency shelter easily accessible for victims of trafficking. In-kind support, but no state funding, was given to NGOs providing services and shelter for victims of trafficking. The provision of temporary residence permits was similar to the previous year.

US State Dept Terrorism Report 2015

Overview: In 2015, Greece experienced intermittent small-scale attacks such as targeted package bombs or IED detonations by domestic anarchist groups, although slightly fewer than in 2014. Generally, these attacks did not appear aimed to inflict bodily harm but rather sought to make a political statement. Greek government cooperation with the United States on counterterrorism remained strong. Senior Greek government leaders have emphasized that counterterrorism is one of their top priorities. The MFA quickly condemned foreign acts of terrorism, has strongly condemned the actions of ISIL as abhorrent, and has called on all states to actively and effectively confront this threat. Greece is a member of the Global Coalition to Counter ISIL and is implementing UN Security Council Resolution (UNSCR) 2178, 2199, and the UN 1267/1989/2253 ISIL (Da'esh) and al-Qa'ida sanctions regime.

2015 Terrorist Incidents: Greece's two largest cities, Athens and Thessaloniki, experienced occasional, relatively small-scale anarchist attacks that used inexpensive and unsophisticated incendiary devices against the properties of political figures, party offices, private bank ATMs, ministries and tax offices, and privately-owned vehicles.

On October 26, Hellenic Police charged five members of the right-wing group "Epsilon – Greek Fighters' Faction" with planting IEDs outside the Bank of Greece in Kalamata and at the statue of Byzantine Emperor Constantine Palaiologos in Mystras on October 23. The suspects reportedly told police that they believe in Zeus and are against Christianity.
On November 24, a three-kilogram gelatin dynamite IED exploded outside the Hellenic Federation of Enterprises' (SEV) downtown Athens headquarters, situated approximately three blocks from the Greek Parliament in the heart of the popular tourist area of Syntagma Square, and across the street from the Cypriot embassy, which sustained significant damage. Media reported that SEV has been targeted multiple times since 1976, as some in the anarchist community view it as a symbol of globalization. Advance warning was given and there were no injuries.

Legislation, Law Enforcement, and Border Security: Article 187A of the Greek Penal Code codifies the terrorism statute. In addition, Article 28 (1) of the Greek Constitution subjects Greek citizens to applicable international laws, to include those related to terrorism. Article 28 (2) and (3) subjects Greek citizens to applicable EU Laws, including the EU law against terrorism. The Police Directorate for Countering Special Violent Crimes (DAEEV) is responsible for counterterrorism in Greece. DAEEV attracts highly motivated and educated young police officers. This unit has demonstrated a high capacity to collect information, but it lacks capacity to use the volume of data it collects and to share with other services within the Greek police and Coast Guard.

Greece's national ID card is extremely vulnerable to alteration and photo substitution, and it has not incorporated any new security features such as digitized photo and biometrics. To mitigate this vulnerability, police authorities instituted a system for conducting electronic checks of civil registry databases to confirm documents submitted as part of the application for ID issuance, and checks of national ID databases for passport issuance. The government has further committed to address this vulnerability through the eventual introduction of a biometric national ID.

Christodoulos Xiros, a Specially Designated Global Terrorist and hit-man for the radical leftist group Revolutionary Organization 17 November, was recaptured in January 2015 after he disappeared in January 2014 while on furlough from prison. Hellenic Police uncovered evidence at the time of his arrest that he was plotting an attack on Korydallos Prison to release imprisoned members of terrorist group Conspiracy of Fire Nuclei. Xiros was put on trial on November 16 along with 27 other individuals, many of whom are alleged or known members of Conspiracy of Fire Nuclei.

Nikolaos Maziotis, a lead member of the terrorist organization Revolutionary Struggle, was put on trial October 16, 2015 for terrorist acts committed before his recapture in July 2014. In May, Hellenic Police arrested Spyros Christodoulou and Grigoris Tsironis, known associates of Maziotis. Georgios Petrakakos, another known associate of Maziotis, was arrested in late September and charged with membership in a terrorist organization. At the time of Petrakakos' arrest, police discovered weapons and evidence of kidnapping plots.
While the Hellenic Police DAEEV directorate arrested 16 suspected members of the Revolutionary People's Liberation Party/Front (DHKP/C), including senior leader Hussein Tekin, in two raids in summer 2013 and February 2014, 13 of the suspects were tried in January 2015. Charges were dropped against two of the suspects while 11 were given prison sentences ranging from three to seven years. Six of the 11 sentences were commuted to monetary fines.

The porous nature of Greece's borders remained of serious concern. To help address vulnerabilities, in June, the Hellenic Coast Guard, with U.S. support, sponsored a regional conference on Transnational Maritime Security Threats to enhance capabilities and coordination between maritime security organizations across the Mediterranean through an exchange of best practices. More than 70 participants from 15 countries around the Mediterranean and the Balkans attended. This was followed by a senior-level seminar in September that the U.S. Embassy in Athens helped coordinate at the NATO Maritime Interdiction Operations Training Center in Crete. The three-day executive seminar included more than 60 maritime law enforcement, defense, and other security service officials, as well as representatives and experts from more than 17 countries and organizations.

Also in September, more than 60 law enforcement officials from DHS and the Hellenic Customs Authority (HCA) participated in a program to enhance HCA's border interdictions and anti-smuggling investigations. Training included instruction on developing successful investigations against transnational criminal organizations that play key roles in narcotics trafficking, money laundering, and human smuggling, all potentially supporting terrorism. In November, the Department of State supported a **DHS-led** Maritime and Land Border Security Training for operational units from the Hellenic Police and Coast Guard designed to improve interdiction and investigative measures to enhance counterterrorism operations.

Countering the Financing of Terrorism: Greece is a member of the Financial Action Task Force, and its financial intelligence unit, the Hellenic Anti-Money Laundering and Anti-Terrorism Financing Commission (HAMLC), is a member of the Egmont Group. The Foreign Ministry's Sanctions Monitoring Unit is tasked with ensuring that Greece meets its commitments to enforce international sanctions, including terrorism-related sanctions. The HAMLC, which is essentially an autonomous institution, although nominally under the oversight of the Ministry of Finance, inspected 5,198 suspicious transactions through November 11, 2015, but did not report evidence of terrorism financing in Greece.

Terrorist assets remain frozen until the completion of judicial proceedings when a court decision is rendered. Non-profit organizations are not obliged to file suspicious transaction reports. However, all banks – through which these organizations conduct transactions – are legally obliged to report suspicious transactions of any kind, regardless of the type of entity (for- or not-for-profit), and the government may directly monitor such entities if necessary.

Countering Violent Extremism: Greek Foreign Minister Kotzias has steadily and publicly voiced support for countering ISIL and condemned its actions. Greece is sensitive to the dangers of radicalization and engages regional partners on the matter. In October, Kotzias hosted a widely-attended International Conference in Athens on "Religious and Cultural Pluralism and Peaceful Coexistence in the Middle East."

International and Regional Cooperation: Greece engaged constructively on counterterrorism initiatives in international fora and regularly participated in regional information exchange and seminars through such bodies as the UN, the EU, the OSCE, the Southeast European Law Enforcement Center for Combating Trans-Border Crime, and the Organization of the Black Sea Economic Cooperation. Greece participated in international and regional trainings geared to bolster criminal justice efforts to prevent and respond to terrorism. For example, Greece hosted a week-long training conducted by OSCE that was centered on several of the criminal justice good practices contained in the GCTF's Rabat Memorandum Good Practices for Effective Counterterrorism in the Criminal Justice Sector.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	44
World Governance Indicator – Control of Corruption	54

Corruption and Government Transparency - Report by US State Department

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.

The main anti-corruption authority in the Greek government is the Inspectors-Controllers Body for Public Administration (Greek acronym SEEDD), part of the Ministry of Administrative Reform and e-Governance. Within the Ministry, a Special Secretary supervises SEEDD, which has administrative and operational independence. Some government ministries also have internal anti-corruption divisions, as does the Hellenic National Police (HNP) and the Hellenic Coast Guard. The HNP Directorate of Internal Affairs, in addition to conducting internal inspections, investigates allegations of corruption in some other parts of the public sector. The Directorate reports to the Chief of the Hellenic Police and is supervised by the Ministry of Justice; the Permanent Parliamentary Committee on Institutions and Transparency also has oversight of the Directorate. Investigations of financial crimes, including fraud, come under the jurisdiction of a special unit in the Ministry of Finance, the Financial Crime Unit (Greek acronym SDOE).

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 2013, the former Minister of Defense Apostolos “Akis” Tsochatzopoulos was convicted of money laundering and bribery among other charges and sentenced to 20 years imprisonment. In January 2013, Parliament voted to open an investigation into a former finance minister, charged with tampering with a list of potential tax evaders given to the Greek government by the French government.

According to Transparency International’s Global Corruption Barometer 2013, 90% of surveyed households consider Greece’s political parties to be corrupt or extremely corrupt –

deemed the most corrupt institution in the country. Furthermore, 39% of the surveyed households believe that the level of corruption has increased a lot, and 46% of surveyed households find government efforts in the fight against corruption to be very ineffective. Moreover, 70% of surveyed households consider corruption to be a very serious problem for the country's public sector.

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.

Other Relevant Conventions or Treaties:

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

Section 3 - Economy

Greece has a capitalist economy with a public sector accounting for about 40% of GDP and with per capita GDP about two-thirds that of the leading euro-zone economies. Tourism provides 18% of GDP. Immigrants make up nearly one-fifth of the work force, mainly in agricultural and unskilled jobs. Greece is a major beneficiary of EU aid, equal to about 3.3% of annual GDP. The Greek economy averaged growth of about 4% per year between 2003 and 2007, but the economy went into recession in 2009 as a result of the world financial crisis, tightening credit conditions, and Athens' failure to address a growing budget deficit. By 2013 the economy had contracted 26%, compared with the pre-crisis level of 2007. Greece met the EU's Growth and Stability Pact budget deficit criterion of no more than 3% of GDP in 2007-08, but violated it in 2009, with the deficit reaching 15% of GDP. Austerity measures have reduced the deficit to about 4% in 2013, including government debt payments. Deteriorating public finances, inaccurate and misreported statistics, and consistent underperformance on reforms prompted major credit rating agencies to downgrade Greece's international debt rating in late 2009, and led the country into a financial crisis. Under intense pressure from the EU and international market participants, the government adopted a medium-term austerity program that includes cutting government spending, decreasing tax evasion, overhauling the health-care and pension systems, and reforming the labor and product markets. Athens, however, faces long-term challenges to continue pushing through unpopular reforms in the face of widespread unrest from the country's powerful labor unions and the general public. In April 2010 a leading credit agency assigned Greek debt its lowest possible credit rating; in May 2010, the International Monetary Fund and Euro-Zone governments provided Greece emergency short- and medium-term loans worth $147 billion so that the country could make debt repayments to creditors. In exchange for the largest bailout ever assembled, the government announced combined spending cuts and tax increases totaling $40 billion over three years, on top of the tough austerity measures already taken. Greece, however, struggled to meet 2010 targets set by the EU and the IMF, especially after Eurostat - the EU's statistical office - revised upward Greece's deficit and debt numbers for 2009 and 2010. European leaders and the IMF agreed in October 2011 to provide Athens a second bailout package of $169 billion. The second deal however, called for holders of Greek government bonds to write down a significant portion of their holdings. As Greek banks held a significant portion of sovereign debt, the banking system was adversely affected by the write down and €41 billion of the second bailout package was set aside to ensure the banking system was adequately capitalized. In exchange for the second loan Greece promised to introduce an additional $7.8 billion in austerity measures during 2013-15. However, the massive austerity cuts have prolonged Greece's economic recession and depressed tax revenues. Throughout 2013, Greece's lenders called on Athens to step up efforts to increase tax collection, dismiss public servants, privatize public enterprises, and rein in health spending. In June 2013 Prime Minister Antonis SAMARAS's efforts to meet bailout conditions led to the departure of one party, the Democratic Left, from the governing coalition when his government made the controversial decision to shut down and restructure the state-owned television and radio company. Subsequent reluctance to institute further cuts and delays in meeting public sector reform targets prompted Greek lenders to withhold bailout fund disbursements until December 2013. However, investor confidence began to show signs of strengthening by the end of 2013 as leading macroeconomic indicators suggested the economy’s freefall had been arrested.

Agriculture - products:

wheat, corn, barley, sugar beets, olives, tomatoes, wine, tobacco, potatoes; beef, dairy products

Industries:

tourism, food and tobacco processing, textiles, chemicals, metal products; mining, petroleum

Exports - commodities:

food and beverages, manufactured goods, petroleum products, chemicals, textiles

Exports - partners:

Turkey 10.8%, Italy 7.7%, Germany 6.4%, Bulgaria 5.6%, Cyprus 5% (2012)

Imports - commodities:

machinery, transport equipment, fuels, chemicals

Imports - partners:

Russia 12.4%, France 7.5%, Italy 7.8%, Saudi Arabia 5.7%, Netherlands 4.7% (2012)

Banking

The Greek banking system consists of a central bank (The Bank of Greece), 41 commercial banks, three specialized banks, 15 local cooperative banks and the Postal Savings Bank. Two of the twenty-four foreign-owned commercial banks are American. Greek-owned banks command the lion's share of the market with about 80 percent of total asset value. Foreign-owned banks hold 12 percent, and the remaining eight percent is shared between specialized institutions and local cooperative banks. It is worth noting that the top five banks control 70 percent of the market, which is one of the highest concentration ratios in Europe. Another notable development has been the full privatization of the fourth largest bank (Emporiki, sold to Credit Agricole of France) and the floating of shares of the Postal Savings bank on the Athens Stock Exchange, which leaves the Greek state with substantial holdings only in four banks (Agricultural, Postal Savings bank, Attikis, and National Bank of Greece; the latter two through holdings of the government pension funds).

As of January 1, 2001, Greece entered the European Monetary Union (Eurosystem) and implemented its single currency monetary policy in Greece through the central bank, the Bank of Greece. The Eurosystem is comprised of the European Central Bank and the national central banks of European Union states that have adopted the euro. The Bank of Greece is also the depository for government accounts. It also regulates and supervises the commercial banking industry in Greece, as well as Greek banks operating outside of Greece, and approves the establishment of foreign banks in the country.

Stock Exchange

Greece has a reasonably efficient capital market that offers the private sector a wide variety of credit instruments. Credit is allocated by public and private banks on market terms prevailing in the Eurozone and credits are 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 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.

Section 4 - Investment Climate

Executive Summary

Greece continues to present a challenging climate for investment, both foreign and domestic. The government has made progress in carrying out widespread economic reforms. Many of these reforms aim to simplify the investment framework, and the government is aggressively seeking to attract foreign investment to drive the country's long-term economic recovery.

Greece's rapid fiscal consolidation, improved labor cost competitiveness, and continued membership in the Euro area have contributed to an improvement in investor sentiment in 2013-2014. Hedge funds, followed by traditional investors, began to return to Greece in 2013 to participate in ongoing privatization actions of state assets and to invest in the principal banks. In April 2014, the Greek government issued its first sovereign bond since Greece lost traditional bond market access in 2010. The auction of the five-year €3 billion bond was seven times oversubscribed, 90% of which derived from foreign investors.

At the end of 2013, the public debt reached a high 175.7% of GDP, but it is forecast to stabilize in 2014 and begin to decline as a % of GDP thereafter. In 2014, the economy is forecast to post its first, modest, positive growth rate since 2008. Since 2008, Greece's GDP has shrunk by 25%, and depressed demand, wage and pension cuts, and high unemployment have led to a considerable rise in banks' holdings of non-performing loans. Following recapitalization programs and broad finance sector consolidation in 2012 and 2013, the banking sector's outlook has stabilized; however, the protracted economic crisis led to a sharp contraction in bank lending and investment.

Since July 2012, the country's coalition government has made rapid progress in reducing enormous national fiscal imbalances. At the end of 2013, the general government deficit was 2.1% of GDP. When the cost of debt servicing is excluded from this figure, Greece generated a primary budget surplus of €1.5 billion ($2 billion), approximately 0.8% of GDP. Consistent with the requirements of the EU/IMF bailout program, in force since March 2010, the government has 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 government established a one-stop-shop investment promotion agency to assist interested foreign investors, recently renamed *Enterprise Greece*. The government agreed with the EU/IMF to adopt and implement most of the 329 recommendations made by the OECD in November 2013 on improving economic competitiveness.

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 reforms, undertaken as part of the country's international bailout program, aim to welcome and facilitate foreign investment. The country has also undergone a rapid fiscal consolidation, with broad and deep cuts to public expenditures and significant increases in tax rates and enforcement. In 2013, excluding debt service payments, the government budget generated a surplus of 0.8% of GDP. Including debt payments, the government continues to run a deficit but, as a percentage of GDP, the deficit has rapidly declined from -9.6 % in 2011 to -2.1% in 2013 (Eurostat, 4/23/2014). The public debt as a percentage of GDP increased to 175.1% in 2013, largely the result of the addition to the debt of Greece's bailout loans and the country's sharply contracted GDP. The terms of these bailout loans, mostly stemming from EU bilateral assistance, are very favorable, with low interest payments and a long repayment profile. After six years of recession in which Greece lost a quarter of its GDP, the economy is projected to return to growth of 0.6% in 2014 (European Commission 4th Review). As a result, the high debt/GDP ratio is projected to begin falling after 2014. The protracted economic crisis led to a contraction in bank lending and investment. However, investor sentiment has improved since Greece carried out a substantial number of structural economic reforms required by the terms of its bailout program and cost competitiveness has returned to the labor market. This improvement has led to some increase in foreign direct investment. Despite these gains, corruption and burdensome bureaucracy still 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 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.

Laws/Regulations of FDI

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 sole point of contact for investors. The new agency reports to the Ministry of Development and Competitiveness, 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 provides an efficient institutional framework for all investors and speeds up the approval processes for pending and approved investment projects. The law created a general directorate for private investments within the Ministry of Development and reduced the value of investments considered strategic. The law also provides tax exemptions and incentives to investors, and allows foreign nationals from non-EU countries that buy property in Greece worth more than €250,000 ($345,000) 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.

- 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.
- 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 €100 million; or
    - exceed €15 million in the industrial sector, operating in industrial zones; or
    - exceed €40 million and concurrently create at least 120 new jobs; or
    - create 150 new jobs, regardless of the monetary value of the investment.

Other investment laws include:

- Law 3389/2005 introduced public private partnerships (PPP). This law aims 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 Strategy

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. For more information see *Enterprise Greece* at http://www.investingreece.gov.gr

Limits on Foreign Control

As a member of the European Union 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, and more steps are being taken towards this direction. In May 2013, the government announced plans to restructure the market and divide and sell the state-owned Public Power Corporation (PPC) to investors. The PPC privatization is ongoing. Additionally, the Ministry of Energy, Environment, and Climate Change, issued a call for expressions of interest in the sale of 66% of the Independent Power Transmission Operator (ADMIE), a subsidiary of the current PPC. ADMIE's privatization is expected to be completed in 2014. The European Commission supports Greece's deregulation of the electricity market through the sale or privatization of power plants currently owned by the state Public Power Corporation. 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 established in 2011, has responsibility for raising revenue through the sale and divestment of the government's extensive portfolio of assets. This includes listed and unlisted companies, concessions, and commercially-valuable real estate (buildings and land). Foreign and domestic investor participation in the privatization program is generally not 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. The detailed inventory of targeted assets 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). The initial targets for proceeds from divesting such assets were €15 billion by end-2012 and €50 billion by end-2015. The government has revised its privatization objectives downward, repeatedly, however, after failing to meet initial targets. In 2013 the Fund met its reduced target of €1.2 billion. The targets are now for €1.5 billion for 2014, €2.2 billion for 2015, and €3.4 billion for 2016, for a cumulative total of €9.6 billion by the end of 2016.

Screening of FDI

A qualifying fast track investor must submit a business plan along with a non-refundable evaluation management fee to the *Enterprise Greece* investment promotion agency. *Enterprise Greece* has 15 days to evaluate the plan and submit its recommendation to an Inter-Ministerial Committee on Strategic Investments (ICSI). If the ICSI approves the business plan, the investor pays *Enterprise Greece* the Forwarding Management Fee (0.2% of the investment amount) and submits a Guarantee Letter of Participation as well as all supporting documentation to complete the licensing process. As of 2013, *Enterprise Greece* has eleven fast track projects 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. Law 3853/2010 provides a "one-stop shop" for investors and is operated by *Enterprise Greece*.

Competition Law

Under Articles 101-109 of the Treaty on the Functioning of the European Union, the European Commission, together with member state national competition authorities, directly enforces EU competition rules. The Commission's Directorate-General for Competition carries out this mandate in member states, including Greece. Greece's competition policy authority rests with the Greek Competition Commission, in consultation with the Ministry of Development and Competitiveness.

Investment Trends

After an initial €110 billion bailout in May of 2010 by the European Commission (EC), the International Monetary Fund (IMF), and the European Central Bank (ECB) – the so-called "troika" – proved insufficient, a second €130 billion multiannual financing package was approved in March 2012, payable in installments through 2014. In exchange, Greece agreed to strong fiscal austerity measures and difficult but necessary structural reforms. The second package included a voluntary write-down of approximately 50% of the nominal value of privately-held Greek government debt (€103 billion in absolute terms) and an additional €30 billion of official assistance to recapitalize Greek banks. However, an extended election period in mid-2012 slowed the pace of needed reforms, the recession deepened, and Greece did not meet its fiscal targets in 2012. A year later, the situation had improved markedly.

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 2.1% of GDP and generated a small primary budget surplus (the budget less debt servicing) of 0.8% of GDP. The government had also agreed to implement numerous market-oriented reforms, some of which it has successfully implemented. Many of these reforms have the goal of reshaping the investment framework to attract foreign investment, and improving competitiveness, as drivers of Greece's future economic growth. These included liberalizing closed-shop professions, overhauling tax administration, and reducing the size of the public sector employment rolls.

In March 2014, the government and its EC/ECB/IMF troika of lenders concluded the fourth (using EU nomenclature) 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 enterprises and real estate assets.

Investment data for 2013 was not yet available as of April 2014. Foreign Direct Investment (FDI) increased further in 2012 compared to 2011, exhibiting stabilizing trends. Total capital inflows in the country in 2011 amounted to €2.8 billion, and in 2012 amounted to €2.9 billion, an increase of 5.8%. Net FDI inflows into Greece increased from €822 million in 2011 to €1.3 billion in 2012.

TABLE 1: The following chart summarizes Greece's position on several well-regarded indices and rankings.

Measure	**Year**	**Rank or value**	**Website Address**
TI Corruption Perceptions Index	2013	80 of 175	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom Index	2013	119 of 178	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	72 of 189	http://www.doingbusiness.org/rankings
Global Innovation Index	2013	55 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	23,260	http://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 not any restrictions on, or difficulties in, converting, repatriating or transferring funds associated with an investment.

Remittance Policies

Remittance of investment returns is made without delay or limitation. There are not any recent changes or any 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 second half of 2013, the euro appreciated by 5.3% against the dollar and has been relatively stable through the first three months of 2014. On a real effective basis, the euro depreciated by 0.7% in the second half of 2013.

In its latest report on Greece, October 2011, the Financial Action Task Force (FATF) recognized that Greece 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 accord with international norms. Under Greek bankruptcy law, 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 87th position for ease of "resolving insolvency" in World Bank's 2013 Doing Business report, out of 189 countries surveyed.

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 this 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 the *Enterprise Greece* investment promotion agency, is available for those with investment projects exceeding the €2 million in value.

International Arbitration

Greece accepts binding international arbitration of investment disputes between foreign investors and the Greek government, and foreign firms have found satisfaction through this arbitration. International arbitration and European Court of Justice Judgments supersede local court decisions.

ICSID Convention and New York Convention

Greece is a member of both the International Center for the Settlement of Investment Disputes and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

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 reforms of the judicial process aimed at speeding adjudication generally and improving dispute resolution for investors.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Greece is in compliance with 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 government provided investment incentives. 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 the regulation of the member states national authorities. On 5 November 2012, China requested WTO consultations with the European Union, Greece, and Italy regarding certain measures, including domestic content restrictions that affect the renewable energy generation sector relating to the feed-in tariff programs of EU member States, including but not limited to Italy and Greece.

Foreigners from other EU member state countries may freely work in Greece. Foreigners from 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 procedures, 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, while 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, the 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 the incentives initially granted. 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 a 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. However, the Government of Greece has recently committed to resolving these contract disputes in a way that would satisfy both parties, and avoid the imposition of penalties or fines. This is an ongoing process that is estimated to be concluded in summer 2014. 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 jur*e inhibiting requirements. However, many potential and actual foreign investors assert that the complexity of Greek regulations, the need to deal with many layers of bureaucracy, and the involvement of multiple government agencies discourage investment.

Performance Requirements

The Greek government does not follow a policy of "forced localization" designed to force foreign investors to use domestic content in goods or technology.

Data Storage

The government is not taking any steps to force foreign investors to establish and maintain a certain amount of data storage within Greece.

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 also equally accessible to private and public enterprises.

7. Protection of Property Rights

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.

Real Property

There are multiple layers of authority concerning 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. 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 161 out of 189 countries in the World Bank's Doing Business Report for 'ease of registering property'.

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 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. The audiovisual, music, and software industries bear the brunt of IPR violations in Greece. Unlicensed sharing of copyrighted software among multiple computers is the largest problem for the software industry, while street vending of pirated DVDs and CDs is also common. Trademark violations, especially in the apparel sector, are widespread. Poor enforcement resulted in Greece being put back on the U.S. Special 301 Watch List in 2008, where it remains.

Recently, the government improved IPR enforcement by establishing a department within the Ministry of Public Order and Citizen Protection for economic and cyber-crimes, including copyright infringement; shutting down copyright-infringing Internet sites; and preparing a code of conduct for Internet service providers. A law enacted in June 2011 (Law 3982/2011), which provides police *ex officio* authority to confiscate and destroy counterfeit goods, appears to be effectively enforced in at least some areas.

Resources for Rights Holders

- U.S. Embassy Athens
- Economic Section
- 91 Vas. Sophias Avenue, Athens, Greece 10160

- Phone: +30 210 720 2490
- Office.Athens@trade.gov
- 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

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

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 they encounter 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, aims 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). The *Enterprise Greece* agency is responsible for licensing and approval of fast track investment projects. 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 has 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 surplus in the budget when excluding debt servicing. Foreign firms are not subject to outright discriminatory 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, foreign and domestic. The government has committed to comprehensive tax reform and passed amendments to the tax code in January 2013, aiming to simplify the code. Additional legislation to overhaul the tax administration system passed Parliament in an omnibus bill in March 2014. The law intends to help meet government bailout agreement commitments and to reduce widespread tax evasion by strengthening penalties and improving enforcement.

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

Money and Banking System, Hostile Takeovers

Since the implementation of a broad-based recapitalization program in 2012 and 2013 and a rapid sectoral consolidation, the banking sector has largely stabilized. However, the economic crisis and severe downturn contributed to a significant increase in the share of non-performing loans on banks’ books by the end of 2013, which continued to inhibit the banks’ ability to provide systemic financing. Deposits stood at €160 billion as of February 2014, down slightly from €164 billion a year earlier. In the five year period since April 2009, overall deposits have shrunk by a total of €74 billion. As of December 2013 the Central Bank listed the systemic banks assets as: Piraeus €85.7 billion; National Bank €84.2 billion; Eurobank €70.6 billion; Alpha Bank €68.1 billion. (Bank of Greece data)

The challenges for the Greek banking system became greater after the Greek sovereign debt restructuring known as the Private Sector Involvement initiative was completed in March 2012. In April 2012 Greece’s EU and IMF creditors disbursed €25 billion in bailout loans earmarked for bank recapitalization. However, the continuing deterioration in macroeconomic conditions and heightened uncertainty during the extended electoral period in mid-2012 weighed heavily on deposits. The quality of bank loan portfolios also deteriorated. The overall effect of these factors was a squeeze on bank liquidity, exacerbated in July 2012 when the ECB announced it would not accept Greek collateral for monetary operations in the Eurosystem. Greek banks were forced to meet their liquidity needs entirely through Emergency Liquidity Assistance (ELA) from the Bank of Greece.

The situation eased in early December 2012, when Greece's lenders authorized disbursement of another €23 billion in bailout funds earmarked for bank recapitalization, after the government conducted a successful debt buyback operation. In late December 2012, the ECB announced that it would again accept Greek collateral for its monetary operations, reducing the banking sector's dependence on ELA. The Bank of Greece, the country's central bank, directed a rapid consolidation and downsizing of the sector. Twelve distressed banks, including two state controlled banks (ATEbank and Hellenic Postbank), were resolved in an effort to create a viable, efficient, and adequately capitalized banking system comprised of four systemic banks – Alpha Bank, Eurobank, National Bank, and Piraeus Bank.

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 €3.1 billion towards the recapitalization of the systemic banks. The fourth systemic bank, Eurobank 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 part of resolved banks as well as the subsidiaries of foreign banks exiting the Greek market. Alpha Bank acquired Emporiki Bank; Eurobank 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 synergies and the 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 €6.4 billion in additional capital, €5 billion of which was required for Eurobank and National Bank. The banks were raised this capital from equity and bond markets, thereby averting the immediate need for supplementary assistance from the bailout fund.

There are a limited number of cross-shareholding arrangements in the Greek market. 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. Citibank operates in Greece, serving both the local and international business and individuals. Bank of America serves only companies and some special classes of pensioners. 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 2013 FTSE announced that Greece remained on the FTSE group's "watch list" for possible reclassification from "developed" to "advanced emerging market" status, and will remain on the watch list until September 2014, 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.

10. Competition from State-Owned Enterprises

Greek state-owned enterprises (SOEs) are active in utilities, transportation, telecommunication, and the defense industry. 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. The electricity market is partially deregulated, and complete deregulation for low voltage users is part of the bailout agreement. The EU continues 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.

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.

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 Development, Competitiveness, Infrastructure, Transport & Networks, serves as the required National Point of Contact.

12. Political Violence

In 2013, Greece enhanced its anti-terrorism, counter-crime, and border control efforts through new policies and cooperation through EU and bilateral agreements. 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 hold strikes and demonstrations 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 are peaceful, they often cause temporary disruption to essential services and traffic. Anarchist groups in Athens are known to sometimes attach themselves to demonstrations to create mayhem.

Starting in 2007, domestic terrorism re-emerged, dominated by three groups: "Revolutionary Struggle" (RS), "Conspiracy of Fire Nuclei" (CFN) and "Sect of Revolutionaries" (SR). 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 January 2014, Coca Cola Hellas and Nestle Hellas Coca removed certain plastic bottles of soft drinks from stores in Athens and Thessaloniki after an anarchist/domestic terror group claimed that it had tampered with a large amount of the bottles.

In July 2013 two 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. In February 2014, four members of DHKP-C were arrested in Athens.

In January 2013, unknown persons detonated two explosive devices outside the offices of "Byte," a computer company and local partner of IBM. In March 2013, 20 persons were indicted in connection with an attack on gold-mining facilities in northern Greece, during which the assailants assaulted guards and set fire to installations.

In January 2013, two previously unknown anarchist groups, "Wild Freedom" and "Instigators of Social Explosion," claimed responsibility for planting a small bomb in a prominent shopping mall in a northern suburb of Athens, causing minor injuries to two people. In late 2012 and early 2013, unknown persons conducted early morning attacks against the homes of journalists and judges and political party offices. Unknown persons also shot at the party headquarters of the governing New Democracy party in Athens.

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.

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. Members of CFN were arrested for two simultaneous February 2013 armed robberies in a town in northern Greece. In January 2014, a suspected member of CFN violated his bail and is currently at-large.

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.

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, however, one imprisoned member failed to report back from a prison furlough. Greek authorities have issued a reward for the arrest of the at-large member.

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.

The main anti-corruption authority in the Greek government is the Inspectors-Controllers Body for Public Administration (Greek acronym SEEDD), part of the Ministry of Administrative Reform and e-Governance. Within the Ministry, a Special Secretary supervises SEEDD, which has administrative and operational independence. Some government ministries also have internal anti-corruption divisions, as does the Hellenic National Police (HNP) and the Hellenic Coast Guard. The HNP Directorate of Internal Affairs, in addition to conducting internal inspections, investigates allegations of corruption in some other parts of the public sector. The Directorate reports to the Chief of the Hellenic Police and is supervised by the Ministry of Justice; the Permanent Parliamentary Committee on Institutions and Transparency also has oversight of the Directorate. Investigations of financial crimes, including fraud, come under the jurisdiction of a special unit in the Ministry of Finance, the Financial Crime Unit (Greek acronym SDOE).

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 2013, the former Minister of Defense Apostolos "Akis" Tsochatzopoulos was convicted of money laundering and bribery among other charges and sentenced to 20 years imprisonment. In January 2013, Parliament voted to open an investigation into a former finance minister, charged with tampering with a list of potential tax evaders given to the Greek government by the French government.

According to Transparency International's Global Corruption Barometer 2013, 90% of surveyed households consider Greece's political parties to be corrupt or extremely corrupt – deemed the most corrupt institution in the country. Furthermore, 39% of the surveyed households believe that the level of corruption has increased a lot, and 46% of surveyed households find government efforts in the fight against corruption to be very ineffective. Moreover, 70% of surveyed households consider corruption to be a very serious problem for the country's public sector.

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.

Other Relevant Conventions or Treaties:

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

14. Bilateral Investment Agreements

Greece has bilateral investment protection agreements in force with Albania, Algeria, Argentina, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Chile, China, Croatia, Cuba, Cyprus, Czech Republic, Egypt, Estonia, Georgia, Germany, Hungary, India, Iran, Jordan, Korea, Latvia, Lebanon, Lithuania, Mexico, Moldova, Morocco, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, South Africa, Syria, Tunisia, Turkey, Ukraine, and Uzbekistan.

Investments by EU member states are governed and protected by EU regulations.

Bilateral Taxation Treaties

Greece has neither a bilateral investment treaty with the United States nor a Free Trade Agreement (FTA). Greece and the United States signed the 1954 Treaty of Friendship, Commerce and Navigation, which covers a few investment protection issues, such as acquisition and protection of property and impairment of legally acquired rights or interests. Also, Greece and the United States signed in 1950 a Treaty for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income.

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 2013 was 27.5%, according to Eurostat. 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 to 1.3 million, approximately one-fifth of the work force. Approximately 30% of these are undocumented persons or hold expired residence permits. Illegal immigrants predominate in the unskilled labor sector in many urban areas, as well as in agriculture. Greece has started a process to regularize the status of some immigrants as long-term residents. Approximately 500,000 of the estimated 1-1.3 million aliens in the country are from neighboring Albania.

Greece has ratified ILO Conventions protecting workers' rights. 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 2013 to make the labor market more flexible, in conformity with Greece's commitments to improve competitiveness under the EU/IMF bailout program. (In July 2014 there will be a one-off reduction, with a 2.9% reduction in the contributions paid by employers and a 1% reduction in contributions paid by employees.

This reduction in contributions will be 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 that exceed the numbers set by law require consultations through the Supreme Labor Council (with workers', employers' and government representatives participating) and government authorization (based on a ministerial decision in February 2014 the competency 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 to negotiate in-house labor agreements with employees. Legislation to open several other "closed" professions, 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

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. The 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 charges 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* ELSTAT		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (*Millions*	2013	252	2013	252	http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-23042014-AP/EN/2-23042014-AP-EN.PDF

U.S. Dollars)					

Foreign Direct Investment	Host Country Statistical source* Bank of Greece		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
U.S. FDI in partner country (*Millions U.S. Dollars, stock positions)*	2012	163	2012	969	(BEA) click selections to reach. • Bureau of Economic Analysis • Balance of Payments and Direct Investment Position Data • U.S. Direct Investment Position Abroad on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Host country's FDI in the United States (*Millions U.S. Dollars, stock positions)*	2012	231	2012	-265	(BEA) click selections to reach • Balance of Payments and Direct Investment Position Data • Foreign Direct Investment Position in the United States on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)

* Provide sources of host country statistical data used.

According to the Bank of Greece, the investment activity of U.S. companies in Greece is generally "indirect" through subsidiaries located in other, usually European Union member state countries. Those investments are registered in countries where the subsidiaries are located (Holland, Luxembourg etc.) and therefore, not included in Greek official statistics for U.S.- source FDI.

TABLE 3:

Greece Sources and Destination of FDI as reported on IMF website http://cdis.imf.org

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (U.S. Dollars, Millions)					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	**24,804**	**100%**	**Total Outward**	**45,023**	**100%**
Luxembourg	7,692	31%	Cyprus	11,671	26%
Germany	4,158	17%	Netherlands	7,132	16%
France	3,608	15%	Turkey	4,924	11%
Netherlands	3,288	13%	Romania	3,700	8%
United States	2,846	11%	United States	2,586	6%
"0" reflects amounts rounded to +/– USD 500,000					

TABLE 4:

Greece's Sources of Portfolio Investment as reported on IMF website http://cpis.imf.org

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	**148,008**	**100%**	**All Countries**	**7,498**	**100%**	**All Countries**	**140,510**	**100%**
Luxembourg	74,949	51%	Luxembourg	4,073	54%	Luxembourg	70,876	50%
United Kingdom	32,936	22%	Ireland	698	9%	United Kingdom	32,858	23%
Germany	2,215	1%	United States	427	6%	Germany	2,106	1%
France	2,087	1%	Serbia, Republic of	241	3%	France	1,946	1%
Netherlands	1,950	1%	Turkey	148	2%	Netherlands	1,929	1%

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

Civil legal system based on Roman law

International organization participation:

Australia Group, BIS, BSEC, CD, CE, CERN, EAPC, EBRD, ECB, EIB, EMU, ESA, EU, FAO, FATF, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCS, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NATO, NEA, NSG, OAS (observer), OECD, OIF, OPCW, OSCE, PCA, Schengen Convention, SELEC, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNMISS, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC

Exchange control

According to the EU Directives, there are no longer any exchange controls. Such controls still exist for transfers of capital to non-EU countries.

Treaty and non-treaty withholding tax rates

Greece has signed **59 agreements** (**56 DTC** and **3 TIEA** agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Albania	DTC	14 Jul 1995	13 Dec 2001	Unreviewed	No
Armenia	DTC	5 Dec 1999	18 Jul 2002	Unreviewed	No
Austria	DTC	18 Jul 2007	1 Apr 2009	Yes	No
Azerbaijan	DTC	16 Feb 2009	11 Mar 2010	Unreviewed	No
Belgium	DTC	25 May 2004	30 Dec 2005	Yes	No
Belgium	DTC Protocol	16 Mar 2010	not yet in force	Yes	Yes
Bulgaria	DTC	15 Feb 1991	22 Jan 2002	Unreviewed	No
Canada	DTC	29 Jun 2009	16 Dec 2010	Yes	Yes
China	DTC	3 Jun 2002	11 Nov 2005	Yes	No
Cook Islands	TIEA	12 Feb 2013	not yet in force	Yes	Yes
Croatia	DTC	18 Oct 1996	18 Dec 1998	Unreviewed	No
Cyprus	DTC	30 Mar 1968	16 Jan 1969	Yes	No
Czech Republic	DTC	23 Oct 1986	23 May 1989	Yes	No
Denmark	DTC	18 May 1989	18 Jan 1992	Yes	No
Egypt	DTC	27 Nov 2004	23 Aug 2006	Unreviewed	No
Estonia	DTC	4 Apr 2006	1 Aug 2008	Yes	No
Finland	DTC	20 Jan 1980	4 Oct 1981	Yes	No
France	DTC	21 Aug 1963	31 Jan 1965	Yes	No
Georgia	DTC	10 May 1999	20 Oct 2002	Unreviewed	No
Germany	DTC	18 Apr 1966	8 Dec 1967	Yes	No
Gibraltar	TIEA	31 Jan 2013	not yet in force	Yes	Yes
Guernsey	TIEA	8 Oct 2010	not yet in force	Yes	Yes
Hungary	DTC	25 May 1983	1 Jul 1985	Yes	No
Iceland	DTC	7 Jul 2006	7 Aug 2008	Yes	No
India	DTC	11 Feb 1965	17 Mar 1967	No	No
Ireland	DTC	24 Nov 2003	29 Dec 2004	Yes	No
Israel	DTC	24 Oct 1995	6 Mar 1998	Yes	No
Italy	DTC	3 Sep 1987	20 Sep 1991	Yes	No

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Korea, Republic of	DTC	20 Mar 1995	10 Jul 1998	Yes	No
Kuwait	DTC	2 Mar 2003	20 Apr 2005	Unreviewed	No
Latvia	DTC	27 Mar 2002	7 Mar 2005	Unreviewed	No
Lithuania	DTC	15 May 2002	5 Dec 2005	Yes	No
Luxembourg	DTC	22 Nov 1991	26 Aug 1995	Yes	No
Malta	DTC	13 Oct 2006	30 Aug 2008	Yes	No
Mexico	DTC	13 Apr 2004	7 Dec 2005	Yes	No
Moldova, Republic of	DTC	29 Mar 2004	11 Jul 2005	Unreviewed	No
Morocco	DTC	20 Mar 2007	17 Nov 2010	Unreviewed	No
Netherlands	DTC	16 Jul 1981	17 Jul 1984	Yes	No
Norway	DTC	27 Apr 1988	16 Sep 1991	Yes	No
Poland	DTC	20 Nov 1987	28 Sep 1991	Yes	No
Portugal	DTC	2 Dec 1999	13 Aug 2002	Yes	No
Qatar	DTC	26 Oct 2008	21 Mar 2010	Yes	Yes
Romania	DTC	17 Sep 1991	7 Apr 1995	Unreviewed	No
Russian Federation	DTC	26 Jun 2000	20 Dec 2007	Yes	No
San Marino	DTC	26 Jun 2013	not yet in force	Yes	Yes
Saudi Arabia	DTC	19 Jun 2008	1 May 2010	Yes	No
Serbia	DTC	25 Jun 1997	8 Jun 2010	Unreviewed	No
Slovakia	DTC	23 Oct 1986	23 May 1989	Yes	No
Slovenia	DTC	5 Jun 2001	8 Dec 2003	Yes	No
South Africa	DTC	19 Nov 1998	19 Feb 2003	Yes	No
Spain	DTC	4 Dec 2000	21 Aug 2002	Yes	No
Sweden	DTC	6 Oct 1961	20 Aug 1963	Yes	No
Switzerland	DTC	16 Jun 1983	21 Feb 1985	No	Yes
Tunisia	DTC	31 Oct 1992	29 Sep 2010	Unreviewed	No
Turkey	DTC	2 Dec 2003	5 Mar 2004	Yes	No
Ukraine	DTC	6 Nov 2000	26 Sep 2003	Unreviewed	No
United Arab Emirates	DTC	18 Jan 2010	not yet in force	Yes	Yes
United Kingdom	DTC	25 Jun 1953	15 Jan 1954	Yes	No
United States	DTC	20 Feb 1950	1 Jan 1953	Yes	No
Uzbekistan	DTC	1 Apr 1997	15 Jan 1999	Unreviewed	No

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	**Medium Risk**	**Higher Risk**
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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