



**ENTERPRISE GREECE**  
INVEST & TRADE

# NEWSLETTER

# OCTOBER 19

**GREECE CHINA  
RELATIONS**

**NEW FOOD  
PRODUCTS**

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REBOUNDS**

# Greece-China relations deepen

amid growing  
commercial ties

Relations between Greece and China are marking another milestone with a high level Greek delegation due to visit Shanghai next month -- where Greece will be the honored country at one of China's signature trade fairs -- underscoring the close commercial ties between the two countries.

The delegation, to be led by Greek Prime Kyriakos Mitsotakis, coincides with the China International Import Exhibition Nov. 5-10, a Chinese government initiative to open its market to foreign exporters amid growing protectionism in global trade. More than 3,000 enterprises, from more than 150 countries and regions, are expected to participate in this year's exhibition.

Over the next decade and-a-half, imports to China are expected to rise by \$40 trillion, making the Chinese market a high priority for Greek exporters. But China has also been a major investor in Greece.

Through Chinese investment, Greece's biggest port - the Port of Piraeus - has been transformed into one of the leading container ports in the Mediterranean. And earlier this month, Greece gave the green-light to a further €611.8 million investment master plan by Chinese shipping giant Cosco to upgrade and modernize the port's infrastructure, including new cruise shipping facilities, hotels and warehouses.

Other Chinese companies, like telecommunications equipment manufacturers Huawei or ZTE, have set up European production and distribution facilities in Greece, while a number of Chinese companies - from the state electrical grid operator, to mining and energy company Shenhua - have invested in the country. In the past few years, the number of individual Chinese coming to Greece, both as tourists and as property investors, has grown rapidly.

Reflecting the ever growing relationship between our two countries, in November 2017, the two countries signed the joint Greece-China Action Plan 2017-2019 outlining areas of cooperation in the transport, energy and telecommunications sectors. Earlier this year, the two countries extended the Action Plan to 2022 and the scope of cooperation was further expanded.

## Landmark Chinese investments in Greece

**Piraeus Port - COSCO: A €1.5 billion investment that has brought in new business to the port and upgraded infrastructure.**

**China's State Grid Corporation has acquired a 24% stake in Greece's Independent Power Transmission Operator (ADMIE) for €320 million.**

**Shenhua Group, in cooperation with Greece's Copelouzos Group, is planning €3 billion worth of new investments in renewable energy projects.**

**ZTE reached a deal with Forthnet for the development of a fiber optics network worth €500 million.**

**Chinese company Profex Inc. and Morgan Stanley have invested €48.5 million for a majority stake in Korres SA, a natural cosmetics company.**

**China Development Bank, EXIM Bank and ICBC have provided more than \$2 billion in shipping loans to Greek companies.**

# news in **brief**

## **Economic Growth**

Greek economic growth is expected to accelerate to 2.8% next year, up from an estimated 2.0% this year, thanks to increased consumption and investment, according to Greece's draft 2020 budget. Submitted to parliament in early October, the draft budget also foresees a primary budget surplus equal to 3.56% of GDP, in line with the country's commitment to international creditors. Investment spending next year is projected to rise 13.4% from 8.8% this year.

## **Greek Banks**

The European Commission has approved a Greek government asset protection scheme to help reduce the stockpile of bad debts held by the country's lenders. The scheme foresees issuing as much as €9 billion in state guarantees that would allow the banks to reduce non-performing exposures by as much as €30 billion. International ratings agency Fitch said the plan was "credit positive" for Greek banks, while Moody's says the scheme will help banks improve asset quality.

## **Greek Debt**

Strong investor demand drove the yield on short-term Greek government securities into negative territory this month reflecting growing market confidence in the country. At auction, the yield on Greek 13-week T-bills fell to a record low of minus 0.02%, making Greece one of a small number of Eurozone members boasting negative interest rates on their borrowings. Strong demand for a separate reopening of a Greek 10-year bond this month also drove the yield on the benchmark to a record low of 1.5%.

## **Renewable Energy**

Enel Green Power Hellas, the Greek subsidiary of Italian energy company Enel S.p.A., has inaugurated the largest wind power facility in Greece on the island of Evia. The €300 million facility comprises seven wind farms and has a total installed capacity of 154 megawatts.

## **Infrastructure Fund**

The Greek government, in partnership with the European Investment Bank and the country's four major lenders, is launching a new €650 million infrastructure fund to support renewable energy projects. Over the last five years, the EIB has provided more than €9 billion in financing for new infrastructure and private investment in Greece, and earlier this month approved a €110 million loan for the construction of a natural gas pipeline linking northern Greece and Bulgaria.

## **Strategic Investment**

The Greek government has given the final go-ahead for a new tourism complex on the island of Ithaca to be included in the country's fast-track process for strategic investments. The €480 million Ithaca Odyssey Resort project envisions a mixed-use resort that will include hotels, holiday homes and other tourism facilities.

## **Defense Pact**

Greece has agreed to enhance military cooperation with the U.S. to allow American forces to use the port of Alexandroupolis in the north of the country. An agreement signed by Greek Foreign Minister Nikos Dendias and U.S. Secretary of State Mike Pompeo this month in Athens, also foresees upgrading joint military facilities at Souda Bay, Crete and enhanced cooperation on defense technology.

## **Enterprise Greece**

As part of Greece's efforts to deepen its commercial relations with overseas partners, Enterprise Greece – the state investment and trade promotion agency – has become part of the Ministry of Foreign Affairs. The move follows growing coordination and cooperation between the agency and the ministry over the past several years.

# Greek F&B exporters expand internationally and with new products

Hundreds of Greek exporters attended Europe's leading food fair and a delegation international wine experts toured the country this month, underscoring the growing diversity, outreach and recognition of Greek agriculture and cuisine.



From Asia to North America, Greek foods, ingredients and wines have garnered increasing attention in international culinary circles over the past few years. Coupled with rising consumer demand for the heart-healthy Mediterranean diet, Greek food exports have been growing at unprecedented rates.

At this year's 2019 Anuga International Food and Beverage Fair in Cologne, a record 286 Greek exporters participated, representing the sixth largest contingent from all of Europe. A week earlier, 20 internationally-recognized Masters of Wine toured the wine making regions of Attica, Crete and Santorini to sample local vintages – the first such visit to Greece in more than five years.

Source: Enterprise Greece

But the large Greek participation at the Cologne fair also showed how a growing number of Greek food & beverage producers are looking to export abroad for the first time. What's more, many of these new entrants are targeting new markets as far afield as Latin America and Oceania, and not just Europe, Greece's traditional export destination.

Equally striking is the growing diversity of Greek food exports. No longer relying on just bulk olive oil or fresh produce exports, the almost 300 Greek participants at Anuga showcased a range of new products. Among them: snack foods, mountain tea, halva, tahini, stevia sweetened products, vegan and lactose free foods.



# Foreign investors help lift Greek property market

Growing foreign investment in Greek real estate is reviving Greece's moribund property market in select areas of the country after a decade of decline.

In the past two years, foreign interest in Greek property has jumped. Likewise, sales and rental prices in sought after markets, like central Athens, have also increased even as prices elsewhere in Greece continue to fall.

In the first half of 2019, foreign direct investment in Greek real estate almost doubled from a year earlier to €736.6 million, according to the latest Bank of Greece data. Compared with two years ago, foreign investment has more than tripled.

At the same time, property prices have spiked in areas like central Athens – up more than 25% in the third quarter – in central Thessaloniki, and in Piraeus. But the recovery has not been across the board, according to data by Spitogatos.gr, a Greek real estate portal.

On average, prices on Greek residential real estate are up just a little over 7%, while prices in some two dozen other areas around Greece fell in the third quarter.

## Net Foreign Direct Investment in Greece: Real Estate

| Year | Qtr. | € millions |
|------|------|------------|
| 2017 | I    | 66.8       |
|      | II   | 80.9       |
|      | III  | 96.2       |
|      | IV   | 170.8      |
| 2018 | I    | 170.7      |
|      | II   | 207.8      |
|      | III  | 285.6      |
|      | IV   | 464.1      |
| 2019 | I    | 392.7      |
|      | II   | 343.9      |

Source: Bank of Greece

- International Real Estate & Investment Show, Abu Dhabi (Oct. 30-Nov.1)
- Web Summit, global technology conference & exhibition, Lisbon (Nov. 4-7)
- Batimat, international construction trade show, Paris (Nov. 4-8)
- The Big 5 Construct Kenya, building & construction trade fair, Nairobi (Nov. 5-7)
- Europort 2019, maritime products & services fair, Rotterdam (Nov. 5-8)
- China International Import Exhibition, import trade fair, Shanghai (Nov. 5-10)
- ProWine China, international wine & spirits fair, Shanghai (Nov. 12-14)
- Eco Life Scandinavia & Nordic Organic Food Fair, Malmö, Sweden (Nov. 13-14)
- Cosmoprof Asia Hong Kong, beauty products trade fair, Hong Kong (Nov. 13-15)
- China Hi-Tech Fair, technology exhibition, Shenzhen (Nov. 13-17)
- Enterprise Greece: F&B trade mission, South Korea & Singapore (Nov. 16-23)
- Space Tech Expo Europe, space technology & business fair, Bremen (Nov. 19-21)
- Greek Jewels, Museum of Arts & Design jewelry exhibit, New York (Nov. 20-23)
- The Big 5 Dubai, building & construction trade fair, Dubai (Nov. 25-28)
- Enterprise Greece: Canada investment roadshow (November)

## CONTACT US

To learn more about the many investment and trade opportunities Greece offers, visit us today at [www.enterprisegreece.gov.gr](http://www.enterprisegreece.gov.gr)

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