Greece

RISK & COMPLIANCE REPORT

DATE: March 2018

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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)

Greece is no longer catergorised a Jurisdiction of Primary Concern. The last report released in 2016 is as follows: -

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 2016 (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 destination, transit, and, to a very limited extent, source country for women and children subjected to sex trafficking and men, women, and children subjected to forced labor. Some women and children from Eastern and Southern Europe, South Asia, Nigeria, and China are subjected to sex trafficking in Greece. Victims of forced labor in Greece are primarily children and men from Eastern Europe, South Asia, and Africa. Migrant workers from Bangladesh, Pakistan, and Afghanistan are susceptible to debt bondage, reportedly in agriculture. Some labor trafficking victims enter Greece through Turkey along irregular migration routes from the Middle East and South Asia. Traffickers lure most victims through false job opportunities. Economically marginalized Romani children from Albania, Bulgaria, and Romania are forced to sell goods on the street, beg, or commit petty theft in Greece. The increase in unaccompanied child migrants in Greece has increased the number of children susceptible to exploitation. Some public officials have been investigated for suspected involvement in human trafficking.

During the reporting period, many countries in the EU and Southeast Europe—including Greece—experienced an unprecedented wave of migration from the Middle East, Africa, and Asia, consisting of a mix of asylum-seekers/potential refugees, economic migrants, and populations vulnerable to trafficking, among others. One international organization estimated Greece received more than 862,000 migrants and asylum-seekers in 2015; some of these individuals, such as unaccompanied minors and single women, were highly vulnerable to trafficking. Most migrants and asylum-seekers are believed to rely on smugglers at some point during their journey and in some instances are forced into exploitation upon arrival in Greece.

The Government of Greece does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Greece's economic crisis and the influx of refugees and migrants to the country placed a significant strain on government resources, which affected its law enforcement efforts. The government prosecuted somewhat fewer suspects compared with the previous two years. Police identified fewer trafficking victims, but the government provided all identified victims assistance, unlike in 2014. The government operated or provided funding or in-kind assistance to some shelters that could assist trafficking victims; however, the government did not operate a trafficking-specific shelter. The government issued renewable residence permits to 29 trafficking victims in 2015, compared with none in 2014. In November, the government issued a joint-ministerial decision to grant six-month work permits for some third country nationals residing in Greece without a residence permit, aimed at reducing this population's vulnerability to trafficking.

US State Dept Terrorism Report 2016

Overview: In 2016, the Greek government remained a cooperative counterterrorism partner. Senior Greek government leaders have emphasized that counterterrorism is one of their top priorities. In 2016, Greece experienced intermittent small-scale attacks such as improvised explosive device detonations by domestic terrorist groups, although slightly fewer than in the past two years. Generally, these attacks did not appear aimed to inflict bodily harm, but rather sought to make a political statement. The MFA quickly condemned foreign acts of terrorism such as the Brussels attack in March 2016 and has strongly condemned the actions of ISIS. Greece is a member of the Global Coalition to Defeat ISIS and is implementing UN Security Council resolutions 2178, 2199, and the UN Security Council ISIL (Da'esh) and al-Qa'ida sanctions regime.

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 European Union (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 security features, such as a digitized photo and biometrics. To mitigate this vulnerability, police authorities instituted a system in 2015 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 introduction of a biometric national ID.

The porous nature of Greece's borders remained of serious concern, particularly as Greece continued to be challenged by the refugee and migration crisis. Six of the attackers involved in the Paris and Brussels attacks were subsequently identified as having passed through Greece. Greece came under intense scrutiny from EU member states, with some Schengen members reinstating border controls until Greece corrects deficiencies in its external border management. To help address vulnerabilities, in May and June, DHS and its component agencies provided a series of trainings to bolster Greek border security efforts. The U.S. Transportation Security Administration provided Insider Threat awareness training and U.S. Customs Border Protection and U.S. Immigration and Customs Enforcement (ICE) provided traveler screening trainings to more than 100 airport employees, airline officials, and police. ICE also provided training on advanced Fraudulent Document Analysis for investigations to more than 25 Hellenic Police, Hellenic Coast Guard, and Customs officials.

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-Terrorist financing Commission (HAMLC) – is a member of the Egmont Group of Financial Intelligence Units. 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 more than 2,530 suspicious transactions through November 20, 2016, but did not report evidence of terrorist financing in Greece.

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.

FBI trainers provided a terrorism finance training seminar in March 2016 for approximately 20 officers from the Hellenic Police, Hellenic Coast Guard, and Financial Intelligence Unit.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	48
World Governance Indicator – Control of Corruption	57

Corruption severely affects Greece's business environment, completely distorting market competitiveness. A common form of corruption in Greece is known as 'fakelaki', translating to small envelopes and signifying bribes passed on to officials or other recipients to obtain some form of benefit. Greece's Penal Code criminalises several forms of bribery, including passive and active bribery, abuse of office and money laundering, yet ineffective implementation of existing laws has exacerbated corruption in both the higher and lower echelons of government. The tax administration and public procurement are identified as the sectors most affected by corruption. Gifts, bribery and facilitation payments are widespread despite existing provisions that criminalise these acts. **Information provided by GAN Integrity.**

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. 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 accepted a bailout program that called on Athens to cut government spending, decrease tax evasion, overhaul the civil-service, health-care, and pension systems, and reform the labor and product markets. Austerity measures reduced the deficit to 3% in 2015. Successive Greek governments, however, failed to push through many of the most unpopular reforms in the face of widespread political opposition, including 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, and 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 the 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 called for holders of Greek government bonds to write down a significant portion of their holdings to try to alleviate Greece's government debt burden. However, Greek banks, saddled with a significant portion of sovereign debt, were adversely affected by the write down and $60 billion of the second bailout package was set aside to ensure the banking system was adequately capitalized. In exchange for the second bailout, Greece promised to step up efforts to increase tax collection, to reduce the size of government, and to rein in health spending. These austerity measures were designed to generate $7.8 billion in savings during 2013-15, but in fact prolonged Greece's economic recession and depressed tax revenues.

In 2014, the Greek economy began to turn the corner on the recession. Greece achieved three significant milestones: balancing the budget - not including debt repayments; issuing government debt in financial markets for the first time since 2010; and generating 0.7% GDP growth — the first economic expansion since 2007.

Despite the nascent recovery, widespread discontent with austerity measures helped propel the far-left Coalition of the Radical Left (SYRIZA) party into government in national legislative elections in January 2015. Between January and July 2015, frustrations between the SYRIZA-led government and Greece's EU and IMF creditors over the implementation of bailout measures and disbursement of funds led the Greek government to run up significant arrears to suppliers and Greek banks to rely on emergency lending, and also called into question Greece's future in the euro zone. To stave off a collapse of the banking system, Greece imposed capital controls in June 2015 shortly before rattling international financial markets by becoming the first developed nation to miss a loan payment to the IMF. Unable to reach an agreement with creditors, Prime Minister Alexios TSIPRAS held a nationwide referendum on 5 July on whether to accept the terms of Greece's bailout, campaigning for the ultimately successful "no" vote. The TSIPRAS government subsequently agreed, however, to a new $96 billion bailout in order to avert Greece's exit from the monetary bloc. On 20 August, Greece signed its third bailout which allowed it to cover significant debt payments to its EU and IMF creditors and ensure the banking sector retained access to emergency liquidity. The TSIPRAS government — which retook office on 20 September after calling new elections in late August — successfully secured disbursal of two delayed tranches of bailout funds. Despite the economic turmoil, Greek GDP did not contract as sharply as feared, with official source estimates of a -0.2% contraction in 2015, boosted in part by a strong tourist season.

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:

Italy 11.2%, Germany 7.3%, Turkey 6.6%, Cyprus 5.9%, Bulgaria 5.2%, US 4.8%, UK 4.2%, Egypt 4% (2015)

Imports - commodities:

machinery, transport equipment, fuels, chemicals

Imports - partners:

Germany 10.7%, Italy 8.4%, Russia 7.9%, Iraq 7%, China 5.9%, Netherlands 5.5%, France 4.5% (2015)

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. A leftist government took office in January 2015 parliamentary elections and won a renewed mandate in September 2015 elections for a four-year term. At the end of 2015, public debt reached a high of 182.7% of GDP. Despite a sharp economic contraction in the first half of 2015, the economy ended the year with a modest recession of -0.2% on the strength of record tourism receipts. Since 2008, Greek GDP has shrunk by 28%. Depressed demand, wage and pension cuts, and high unemployment have led to a considerable rise in the percentage of loans which are non-performing (NPLs), which has undermined the stability of the financial system.

Between January and July 2015, the government sought extensive renegotiation and easing of the terms of the country’s bailout agreement with the European Union (EU), European Central Bank (ECB), and International Monetary Fund (IMF). These efforts largely failed and the country’s finances worsened. In June and July 2015 the government missed sovereign loan repayments to the IMF and ECB. On June 29, 2015, the government imposed capital controls on financial institutions to restrict deposit flight and avert an imminent banking sector collapse. Economic activity slowed markedly.

In August 2015, to prevent national bankruptcy and the country’s potential exit from the Eurozone, Greece and its EU creditors signed a third €86 billion bailout agreement under the auspices of the European Stability Mechanism (ESM). The IMF did not participate in the initial European Union-led bailout agreement as its own financing and reform program agreement remained in force until March 2016. The government is presently unable to obtain financing through international bond markets because yields on Greek medium and long-term debt are prohibitively high as Greek sovereign bonds are not investment grade.

The new three-year ESM program agreement details fiscal and structural reform obligations Greece must meet in exchange for the disbursement of financing assistance to enable the government to meet its obligations. These reforms include enhanced and accelerated privatization of state assets, reduction in government bureaucracy, restructuring of the civil service, improvement to judicial procedures, enhanced tax collection, and new fiscal measures to close the social security system’s deficit. If implemented fully, the agreement envisions Greece reaching a 3.5% primary budget surplus in 2018, the year the program concludes.

In November 2015, as part of initial implementation of the August 2015 ESM agreement, Greece recapitalized its four major banks for a third time in five years. Large U.S. and foreign hedge funds participated in recapitalization of the principal Greek banks. The banking system remains unable to finance the national economy as over 40% of all bank-held loans are non-performing. Efforts to create an NPL market to service these loans – a requirement under the ESM agreement – have been halting. As a result, businesses of all sizes struggle to obtain bank loans to support their operations.

In January 2016, Greece and its lenders began a first review of the country’s compliance with the terms of the August 2015 ESM agreement. The IMF’s participation in the ESM program remained unresolved as of March 2016. Progress on the review has been halting, leading to renewed concerns about Greece’s economic stability. The ongoing review process has renewed concerns about Greece's economic stability. Greece's public finances remain dependent on the support of the European Stability Mechanism.

Continued concern over economic and political stability within Greece has essentially frozen most new investment and caused some existing investors to scale down or withdraw entirely from the Greek market. The Trans Adriatic Pipeline (TAP) was a notable exception to this trend. In November 2015, the Greek government and TAP investors agreed on measures to begin construction in 2016 for the pipeline, which would bring natural gas from Azerbaijan to southern Europe through northern Greece.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2016	58 of 168	http://www.transparency.org/cpi2015
World Bank's Doing Business Report "Ease of Doing Business"	2016	60 of 189	http://www.doingbusiness.org/~/media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB16-Full-Report.pdf
Global Innovation Index	2015	98 of 141	https://www.globalinnovationindex.org/content/page/gii-full-report-2015/#pdfopener
U.S. FDI in partner country ($M USD, stock positions)	2014	-447 USD	http://bea.gov/international/xls/USDIA%20Position%202010-2014.xlsx
World Bank GNI per capita	2013	23,680 USD	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Greece continues to present a challenging climate for investment, both foreign and domestic. However, numerous structural reforms, undertaken as part of the country's international bailout program, aim to welcome and facilitate foreign investment. The government has publicly messaged a commitment to attracting foreign investment. The Trans Adriatic Pipeline (TAP) is one example of the government's commitment to facilitate foreign investment. In November 2015, the Greek government and TAP investors agreed on measures to begin construction in 2016 for the pipeline, which would bring natural gas from Azerbaijan to southern Europe through northern Greece. The country has undergone a rapid fiscal consolidation, with broad and deep cuts to public expenditures and significant increases in tax rates and enforcement. In 2015, excluding debt service payments, the government budget recorded a surplus of €2.27 million, higher than the primary surplus of €1.872 million achieved in 2014. Including debt payments, the government ran a fiscal deficit of €3.53 million in 2014, marginally lower than the 2014 deficit of €3.697 million. Overall, as a percentage of GDP, the fiscal deficit has rapidly declined from -9.6 % in 2011 to -3.5% in 2014. The debt/GDP ratio, increased to 182.7% in 2015, compared to 178.6 % in 2014, as a result of Greece's bailout loans adding to the debt stock and the country's sharply contracted GDP.

The two previous bailout loans (in 2010 and 2012) were primarily in the form of bilateral loans from other Eurozone member states. Financing from the bailout loan agreed to in August 2015 will come through the European Stability Mechanism (ESM). All bailout loan terms are favorable, with low interest payments and a long repayment profile. After seven years of recession in which Greece lost about 27.2% of GDP, the economy returned to modest growth of 0.7% in 2014, but returned to a 0.2% recession in 2015. The high debt/GDP ratio was projected to fall from 2015 onwards, however the 2015 economic crisis led to a renewed recession and a worsening of the debt/GDP ratio. The protracted economic crisis has led to a further contraction in bank lending as well. Although investor sentiment began to improve in 2014 when Greece carried out a number of structural economic reforms required by the terms of its bailout program and wage costs dropped which improved labor market competitiveness, investor sentiment collapsed in 2015. Despite the €86 billion bailout agreement signed in August 20105 between the Greek government and its international creditors, under the auspices of ESM, economic uncertainty remained widespread. Corruption and burdensome bureaucracy continue to create barriers to market entry for new firms, permitting a few incumbents to maintain oligopolies in different sectors, and creating scope for arbitrary decisions and rent seeking on the part of public servants.

Other Investment Policy Reviews

The government has not undergone an investment policy review by the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), or United Nations Committee on Trade and Development (UNCTAD), or cooperated with any other international institution to produce a public report on the general investment climate. However, in March 2016, the OECD published an economic survey describing the state of the economy and addressing foreign direct investment concerns. Likewise, in November 2013, the OECD published a report on Greece's competitiveness with numerous recommendations for further, market-oriented reforms. The previous government adopted or agreed to adopt the majority of these OECD recommendations, which were considered during the 2013-14 bailout program review negotiations between the EU, IMF, and the Greek government. The current government, elected first in January 2015, and reelected in snap elections in September 2015, has sought the OECD's counsel and technical assistance to carry out select reforms from the recommendations and develop additional reforms in line with the government's emphasis on the social welfare state.

Laws/Regulations on Foreign Direct Investment

Prior to the January 2015 election, some progress had been made in adopting laws aimed at fostering growth, reducing bureaucratic hurdles, and attracting foreign investment. Towards this end, the previous government established in 2014 (Law 4242) Enterprise Greece, merging the previous Invest in Greece investment promotion agency with the Hellenic Foreign Trade Board, to create a primary point of contact for investors. The agency reports to the Ministry of Economy, acting as an information source for investors and as an interface with other agencies of the Greek government on behalf of investors.

- Law 4146/2013, entitled the "Creation of a Business-Friendly Environment for Strategic and Private Investments" is the primary investment incentive law currently in force.

The law aims to modernize and improve the institutional framework for private investments, raise liquidity, accelerate investment procedures, and increase transparency. It seeks to provide an efficient institutional framework for all investors and speed the approval processes for pending and approved investment projects. The law created a general directorate for private investments within the Ministry of Economy (formerly the Ministry of Development), and reduced the value of investments needed to be considered strategic. The law also provides tax exemptions and incentives to investors, and allows foreign nationals from non-EU countries who buy property in Greece worth over €250,000 ($285,000) to obtain five-year renewable residence permits for themselves and their families. The law further foresees the creation of a central licensing authority aimed at establishing a one-stop-shop service to accelerate implementation of major investments. More about this law can be found online at: http://www.enterprisegreece.gov.gr/en/doing-business/investment-incentives-law and at http://www.enterprisegreece.gov.gr/files/investment_law/EN_INTERNET.PDF

- Law 3908/2011 is gradually being phased out by law 4146 (above).
- Law 3919/2011 aims to liberalize more than 150 currently regulated or closed-shop professions. The implementation of this law continued in 2013 and 2014.
- Law 3982/2011 reduced the complexity of the licensing system for manufacturing activities and technical professions and also modernized certain qualification and certification requirements to lower barriers to entry.
- Law 4014/2011 simplified the environmental licensing process.
- Law 3894/2010 (also known as fast track) allows Enterprise Greece to expedite licensing procedures for qualifying investments in the following sectors: industry, energy, tourism, transportation, telecommunications, health services, waste management, or high-end technology/innovation. To qualify, investments must meet one of the following conditions:
    - exceed €100 million;
    - exceed €15 million in the industrial sector, operating in industrial zones;
    - exceed €40 million and concurrently create at least 120 new jobs; or
    - create 150 new jobs, regardless of the monetary value of the investment.

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

Other investment laws include:

- Law 3389/2005 introduced the use of public private partnerships (PPP). This law aimed to facilitate PPPs in the service and construction sectors by creating a market-friendly regulatory environment.
- Law 3426/2005 completed Greece's harmonization with EU Directive 2003/54/EC and provided for the gradual deregulation of the electricity market. Law 3175/2003 harmonized Greek legislation with the requirements of EU Directive 2003/54/EC on

common rules for the internal electricity market. Law 2773/99 initially opened up 34% of the Greek energy market, in compliance with EU Directive 96/92 concerning regulation of the internal electricity market.

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

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

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

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

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

Business Registration

A. Greece's business registration entity GEMI (General Commercial Register) has the basic responsibility for digitizing and automating the registration and monitoring procedures of commercial enterprises. More information about GEMI can be found at: http://www.businessportal.gr/english/index.html. The online business registration process is relatively clear, and although foreign companies can use it, the registration steps are currently available only in Greek. In general, a company must typically register with the business chamber, tax registry, social security, and local municipality. Business creation without a notary can be done for specific cases (small/personal businesses, etc.). For the establishment of larger companies, a notary is mandatory.

B. The country has investment promotion agencies to facilitate foreign investments. "Enterprise Greece" is the official agency of the Greek state, under the supervision of the Ministry of Economy, Development and Tourism, charged with promoting investment in Greece, exports from Greece, and with making Greece more attractive as an international business partner. Enterprise Greece provides the full spectrum of services related to international business relationships and domestic business development for the international market. The General Secretariat for Strategic and Private Investments streamlines the licensing procedure for Strategic Investments, aiming to make the process easier, smoother, and more attractive to investors.

C. Greece has adopted the EU definition regarding micro, small and medium size enterprises:

- Micro Enterprises: Fewer than 10 employees and an annual turnover or balance sheet below €2 million.

- Small Enterprises: Fewer than 50 employees and an annual turnover or balance sheet below €10 million.
- Medium-Sized Enterprises: Fewer than 250 employees and annual turnover below €50 million or balance sheet below €43 million.

Industrial Promotion

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

Limits on Foreign Control and Right to Private Ownership and Establishment

As a member of the EU and the European Monetary Union (the "Eurozone"), Greece is required to meet EU and Eurozone investment regulations. Although foreign and domestic private entities have the legal right to establish and own businesses, Greece places restrictions on foreign equity ownership higher than those imposed on average in the other 17 high-income OECD economies, as well as restrictions on foreign equity ownership in select utility sectors, such as the electricity industry. The electricity market in Greece is currently partially deregulated. The prior government took steps in this direction, including a breakup and privatization of the state-owned Public Power Corporation (PPC), but the government announced it would block the sale and retain PPC under state control. In 2014, the Parliament approved the legislation paving the way for the partial privatization of PPC – the creation and sale of the "small PPC" – and has transferred 17% of its equity capital to HRADF. However, little progress has occurred since then. As EU legislation directs continued deregulation of the Greek electricity market, the Greek government's recent policy reversals may lead to EU challenges. The government has announced its interest in the state retaining a major or controlling interest in other energy projects including hydrocarbon exploration, and other sectors of the economy it views as strategic. Restrictions exist on land purchases in border regions and on certain islands because of national security considerations. Foreign investors can buy shares on the Athens Stock Exchange on the same basis as local investors.

Privatization Program

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

Privatizations have been subject to a public bidding process, which is easy to understand, non-discriminatory, and transparent. The inventory of targeted assets for privatization consists of 50% land parcels, 35% infrastructure (including energy infrastructure, such as the natural gas grid), and 15% public companies (e.g., public utilities such as gas, electricity and water). In consultation with the EU/ECB/IMF, the government set ambitious initial targets for privatization proceeds of €15 billion by the end of 2012 and €50 billion by the end of 2015. Extremely slow progress, along with a deeper-than-expected recession, forced the government to revise these targets downward repeatedly. In 2013, the program met its reduced target of €1.2 billion, but failed to meet 2014 targets. In 2014, privatizations included Hellenikon (the land plot of the former airport in Athens), the sale of the land in Afantou Rhodes, licenses for horse race betting, and the sale of a number of residential properties. In 2015, two privatization contracts were signed and a total of five new tender processes were launched. The two signed contracts were for the concession for the exclusive right to organize sweepstakes (from the corporate portfolio) worth €40.2 million, and the concession contracts for the privatization of 14 regional airports (from the infrastructure portfolio) worth €1.23 billion. Additionally, Chinese company Cosco was selected as the preferred bidder of the tender for a 67% stake in the Piraeus Port Authority (OLP) for €368.5 million, and the concession agreement was signed April 8, 2016. The other tenders launched included the privatization of the Thessaloniki Port Authority, several regional marinas, national railway company TrainOSE, and several real estate properties in Greece and abroad. A major privatization of the Greek national energy grid DESFA is still ongoing, although it remains incomplete, due to a change in the investors' scheme after the European Commission Directorate-General for Competition (DG COMP) raised objections.

The new government initially opposed nearly all privatizations, issuing a number of conflicting statements over its policy aims. Under pressure from its creditors and in need of funding, the government has revised its stance to support completed privatizations and those underway, while reserving the right to modify current project terms. The government has referred to requiring a stronger state stake, including potential controlling stakes, in future projects. Under the August 2015 ESM agreement, the European Union requires Greece to merge the HRADF, the Hellenic Financial Stability Fund (HFSF), the Public Properties Company (ETAD) and a new entity that will manage other State Owned Enterprises (SOE) into a new "super fund" which would seek to greatly accelerate the pace and scope of privatizations. The new fund's operating terms, management, and targets remained under negotiation between the government and its lenders as of April 2016.

Screening of FDI

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

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

Competition Law

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

The Hellenic Competition Commission protects the proper functioning of the market and ensures the enforcement of the rules on competition. It acts as an independent authority and has administrative and financial autonomy.

2. Conversion and Transfer Policies

Foreign Exchange

Greece's foreign exchange market adheres to EU rules on the free movement of capital. Until June 2015, receipts from productive investments could be repatriated freely at market exchange rates and there were no restrictions on, or difficulties with, converting, repatriating, or transferring funds associated with an investment. In late June 2015, the government declared a bank holiday, during which banks were closed for two weeks, and imposed capital controls which remain in force as of April 2016. Capital controls placed a limit on weekly cash withdrawal amounts and restricted the transfer of capital abroad. Although capital controls have been partially lifted since the August ESM 2015 agreement which calmed fear of a national bankruptcy and financial system collapse, several restrictions still apply. A five-member "Banking Transaction Approval Committee" was established by the Finance Ministry and is the competent authority to approve transactions abroad, in coordination with the Bank of Greece. Currently, the daily limit for commercial payments abroad stands at €250,000. Additionally, capital controls imposed on stock exchange transactions were lifted in December 2015.

Remittance Policies

Remittance of investment returns are also subject to capital controls. Greece is not engaged in currency manipulation for the purpose of gaining a 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. The euro was broadly stable against the dollar, ranging between $1.06 and $1.21, and is currently traded at $1.14.

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

3. Expropriation and Compensation

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

4. Dispute Settlement

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

Greece has an independent judiciary; however, the court system is an extremely time-consuming and unwieldy means for enforcing property and contractual rights. The government committed, as part of the EU/IMF bailout packages in 2010, 2012 and 2015, to reforms intended to expedite the processing of commercial cases through the court system. In July 2015 the government adopted a significant set of reforms to the code of civil procedure (law 4335/2015). These reforms aim to accelerate judicial proceedings in support of contract enforcement and investment climate stability. The reforms entered into force in January 2016. Foreign companies report, however, that Greek courts sometimes still do not provide unbiased and effective recourse. Problems with judicial corruption still exist. Commercial and contractual laws accord with international norms.

Bankruptcy

Bankruptcy laws in Greece meet international norms. Under Greek bankruptcy law 3588/2007, private creditors receive compensation after claims from the government and insurance funds have been satisfied. Monetary judgments are usually made in euros unless explicitly stipulated otherwise. Greece has a reliable system of recording security interests in property. According to data collected by the World Bank's 2016 Doing Business report, resolving insolvency in Greece takes 3.5 years on average and costs 9% of the debtor's estate, with the most likely outcome that the company will be sold as piecemeal sale. Greece ranks 54th out of 189 economies surveyed for ease of resolving insolvency in the Doing Business report (down from the 52nd position in 2015).

Investment Disputes

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

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

International Arbitration

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ICSID Convention and New York Convention

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

Duration of Dispute Resolution – Local Courts

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 to the judicial system, aimed at speeding up adjudications and improving dispute resolution for investors.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Greece has been a World Trade Organization (WTO) member since January 1, 1995 and a member of the General Agreement on Tariffs and Trade (GATT) since March 1, 1950. Greece has not notified the WTO of any measures that are not compliant with its Trade Related Investment Measures (TRIMS) commitments. There are no performance requirements for establishing, maintaining, or expanding an investment. Performance requirements may come into play, however, when an investor wants to take advantage of certain investment incentives offered by the government. Trade policy falls within the competence and jurisdiction of the European Commission Directorate General for Trade, and is generally not subject to regulation by member state national authorities. On November 5, 2012, China requested WTO consultations with the EU, Greece, and Italy regarding certain measures, including domestic content restrictions that affect the renewable energy generation sector relating to feed-in tariff programs of EU member States, including but not limited to Italy and Greece.

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

Investment Incentives

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

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

Investment categories are:

1. General Entrepreneurship
2. Regional Cohesion
3. Technological development
4. Youth Entrepreneurship (18-40 years old)
5. Large Investment Plans (above €50 million)
6. Integrated, Multi-Annual Business Plans
7. Partnership & Networking

The entire application and evaluation process shall not exceed six months (more information can be found at https://www.ependyseis.gr)

Research and Development

Offset agreements, co-production, and technology transfers are commonplace in Greece's procurement of defense items. Although the most recent Greek defense procurement law eliminated offset requirements, there are a significant number of ongoing active offset contracts, as well as expired offset contracts with U.S. firms that are potentially subject to non-performance penalties. In 2014, the government committed to resolving these contract disputes in a way that would satisfy both parties and avoid the imposition of penalties or fines. Significant progress subsequently was achieved in clearing up the backlog of unresolved offset contracts. However, since late 2014, some U.S. companies report they are again experiencing significant problems with the Greek government regarding fulfillment of existing offset agreements as well as reopening agreements in order to extract additional concessions. This is an ongoing process without a clearly defined date for conclusion.

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

Performance Requirements

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

Data Storage

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

6. Protection of Property Rights

Real Property

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

Multiple layers of authority in Greece are involved in issuance or approval of land use and zoning permits, creating disincentives to real property investment. Secured interests in property are movable and real, recognized and enforced. The concept of mortgage does exist in the market and can be recorded through the banks. The government is working to create a comprehensive land registry, which is expected to increase the transparency of real estate management. The second phase of the land registry project – registration of properties in major cities and urban areas – was 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 144th out of 189 countries for Ease of Registering Property in the World Bank's Doing Business 2015 Report, down from 116th last year.

Foreign nationals can acquire real estate property in Greece; they need to be issued a tax authentication number first. However, for the border areas, foreign nationals first require a license from the Greek state (Law 3978/2011). In another effort to boost investment, the government passed law 4146/2013, which allows (article 36A) foreign nationals who buy property in Greece worth over €250,000 ($285,000) to obtain a five-year residence permit for themselves and their families. The permit can be extended for another five years and allows travel to EU and Schengen countries without a visa.

Intellectual Property Rights

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

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

Although patent rights are adequately enforced, overall enforcement of IPR laws is not rigorous, and rights holders continue to experience problems in Greece. Recently, the government improved IPR enforcement by establishing a department within the Ministry of Public Order and Citizen Protection (now part of the Ministry of Interior) for economic and cyber-crimes, including copyright infringement, and by preparing a code of conduct for Internet service providers. However, the government has not fully addressed copyright piracy on the Internet or adequately addressed end-user software piracy, in either the public or private sectors. The audiovisual, music, and software industries bear the brunt of these IPR violations in Greece. Unlicensed sharing of copyrighted software among multiple computers is the largest problem for the software industry, while unlicensed file sharing of music and movies on the Internet is rampant. The government's copyright agency introduced draft legislation to address copyright piracy on the Internet on December 23, 2015, but the text has not yet been submitted to or passed by the Greek Parliament.

A law enacted in June 2011 (Law 3982/2011), which provides police ex officio authority to confiscate and destroy counterfeit goods, has been effective in some areas, but much progress remains to be done. Due to continued budget cuts as a result of Greece's fiscal commitments and high turnover in the public administration following multiple elections, IPR enforcement efforts, including seizures of counterfeit goods, investigations, operational programs, and fines collections measurably slowed in 2015. Data from the Customs Authority indicates a decrease in the number of illegal trade items seized in 2015, with only 149 seizures out of 6,375,826 items. It is not clear how many of these items have been subsequently destroyed, or if they remain in storage facilities. According to Greece's Illegal Trade Coordination Center (SYKAP), established in 2013, Customs Services and other agencies recorded 13,630,611 products destroyed in 2014, 10,797,753 in 2013, and 2,052,483 in 2012. The government estimates that more than 60% of the seized goods are counterfeit products, while the rest concern non-brand products. A 2013 law to protect trademarks (Law 4155/2013) shifted the burden of the cost of storage and destruction of counterfeit goods to the rights holder and beneficiary. Companies have asked Greek authorities to only require storage of a sample of the seized goods in official government facilities in order to reduce their burden of having to pay for storage for long periods of time. This remains an issue of contention for relevant parties. According to the government, counterfeit products in Greece are mainly luxury bags, wallets, footwear, clothing, accessories, watches, cigarettes, spirits, cell phone batteries and accessories, sunglasses, toys, and spare car parts.

Trademark violations, especially in the apparel and footwear sectors, are still widespread. Given these ongoing significant issues, Greece was placed back on the U.S. Special 301 Watch List in 2008, where it remains.

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/.

Resources for Rights Holders

Embassy Point of Contact:

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

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

American-Hellenic Chamber of Commerce
109-111 Messoghion Avenue, Politia Business Center
Athens, Greece 11526
Phone: +30-210-699-3559
Fax: +30-210-698-5686
Email: info@amcham.gr
Web Site: www.amcham.gr

7. 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. Occasionally, foreign companies report cases where there are multiple laws governing the same issue, resulting in confusion over which law is applicable. Under the EC/ECB/IMF bailout programs, the Greek government committed to implementing widespread reforms to simplify the legal framework for investment, including eliminating bureaucratic obstacles, redundancies, and undue regulations. The fast track law, passed in December 2010, aimed to simplify the licensing and approval process for “strategic” investments, i.e., large scale investments that will have a significant impact on the national economy (see paragraph 1.3, Laws/Regulations of FDI). Additionally, in 2013 Investment Law 4146/2013 was passed in Parliament in order to simplify the regulatory system and stimulate investment. This law provides additional incentives, beyond those in the fast track law, available to domestic and foreign investors, dependent on the sector and the location of the investment.

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

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.

Greece is not one of the 28 countries listed on www.businessfacilitation.org

8. Efficient Capital Markets and Portfolio Investment

Following the European regulations, Greece is open to foreign portfolio investment. Law 3371/2005 sets an effective legal framework to encourage and facilitate portfolio investment. Law 3283/2004 incorporates the European Council's Directive 2001/107, setting the legal framework for the operation of mutual funds. Until June 2015, although liquidity in the markets was tight, sizeable positions could enter and exit. With the imposition of capital controls on June 29, 2015, for a period of six months (July 2015 – December 2015) domestic investors could only acquire shares with the injection of "fresh money" and could not use existing funds. Short-selling of banking shares was not allowed. As a result, FTSE downgraded the Athens Stock Exchange from "advanced" to "advanced emerging markets"– in effect March 2016. The Bank of Greece complies with its IMF Article VIII obligations and does not generally impose restrictions on payments. Transfers for current international transactions are allowed, but are subject to specific conditions for approval. The lack of liquidity in the market along with the challenging economic environment have made the allocation of credit very tight, but is accessible to foreign investors on the local market, who also have access to a variety of credit instruments.

Money and Banking System, Hostile Takeovers

The implementation of a broad-based bank recapitalization program in 2012 and 2013, and a rapid consolidation of institutions in the sector, largely stabilized the banking sector by early 2014. However, following the election of the government in January 2015, bank deposit flight accelerated. By June 2015, total deposits in the Greek banking system had fallen to €134 billion, down from €164 billion in October 2014. Uncertainty caused by the controversial negotiations with Greece's creditors led to the June 2015 imposition of capital controls and a complete closure of the banks for two weeks, which though necessary for preventing the banking sector's collapse, weakened the banks' capital positions.

On October 31, 2015, the European Central Bank (ECB) announced results of stress tests on Greece's four systemic banks, assessing capital needs of €4.4 billion in the baseline scenario and €14.4 billion in the worst-case scenario. European authorities then asked lenders to proceed with share capital increases to cover the required amount. National Bank was found to have capital needs of €1.4 billion in the baseline scenario and €4.6 billion in the adverse scenario; Eurobank of €339 million in the baseline scenario and €2.1 billion in the adverse scenario; Alpha Bank €263 million in the baseline scenario and €2.7 billion in the adverse scenario; and Piraeus Bank €1.3 billion in the baseline scenario and €4.9 billion in the adverse scenario. Few U.S. financial institutions have a presence in Greece. In September 2014, Alpha Bank acquired the retail operations of Citi Bank including Diners Club. Bank of America serves only companies and some special classes of pensioners.

In November 2015, following an Asset Quality Review and Stress Test conducted by the European Central Bank as a requirement of the new ESM agreement, a third recapitalization of the four systemic banks (National Bank of Greece, Piraeus Bank, Alpha Bank, and Eurobank) took place. The recapitalization successfully concluded by the end of November with the banks remaining in private hands, after raising €6.5 billion from foreign investors, mostly hedge funds. The ratio of non-performing loans (NPLs) – delayed by over 90 days or those on the verge of becoming bad – increased dramatically to almost 57% in some categories of loans by March 2016 from 34.2% in September 2014. More broadly, NPLs climbed to €117 billion (an increase of €10 billion or 9% from last year) from a total balance of loans valued at approximately €204 billion, comprised of €96.5 billion owned by corporations, €94.5 billion by households, and €13 billion by the "self-employed." It is estimated that about €20 billion of these NPLs are owned by so-called "strategic defaulters" – borrowers who refrain from paying their debts to lenders in order to take advantage of the laws enacted during the financial crisis to protect borrowers from foreclosure or creditors collection even though they are able to pay their obligations. Bad loans across the EU amount to €900 billion, of which €117 billion derive from loans held by Greek banks.

Developing an effective NPL management strategy is among the most difficult components of the government's negotiations with its creditors. Under the terms of the ESM agreement, Greece must create an NPL market through which the loans could, over time, be sold or transferred for servicing purposes to foreign investors. However, implementation of this requirement has been halting at best. The government seeks only a limited and phased-in creation of an NPLs market, with a view to exclude loans linked with mortgages for primary residencies and preventing aggressive collection on business. The forthcoming sale and transfer of NPLs has triggered investment interest by a large number of Greek and foreign companies and funds, signaling a viable market. Poor asset quality has continued to inhibit the banks' ability to provide systemic financing. Deposits stood at €121 billion as of February 2016, down from €140 billion a year earlier. In the seven-year period since September 2009 (when deposits reached their highest level of €237 billion), overall deposits have shrunk by a total of €116 billion. As of September 2015, the Hellenic Bank Association listed the systemic banks assets as: Piraeus €81.3 billion, National Bank of Greece €77.1 billion, Alpha Bank €65.9 billion, and Eurobank €65.0 billion.

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

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

Owner-registered bonds and shares are traded on the Athens Stock Exchange (ASE), which has held developed country status since 2001, according to key western investment firms. It is mandatory in Greece for the shares of banking, insurance, and public utility companies to be registered. Greek corporations listed on the ASE that are also state contractors are required to have all their shares registered. In September 2015, during the annual country classification review, FTSE announced that the Greek exchange would be downgraded from "advanced" to "advanced emerging markets." The decision took effect as of March 2016. In June 2013, equity index provider MSCI downgraded Greece to advanced emerging-market status, a first in the index's history, citing the ASE's loss of 90% of its value since the start of the financial crisis in October 2007 and after Greece failed to meet criteria regarding securities borrowing and lending facilities, short selling, and transferability.

9. Competition from State-Owned Enterprises

Greek state-owned enterprises (SOEs) are active in utilities, transportation, energy, media, health, and the defense industry. A private website maintains an online list of SOEs, though it is not affiliated with official governmental sources. The indicative list of SOEs includes 36 companies with at least twelve 100% state-controlled entities. 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 programs with the EC/ECB/IMF/ESM, intended to liberalize markets and raise revenues for the state.

As of March 2015, the government's conflicting public statements on privatization have led to considerable confusion among investors. Some senior officials have declared their opposition to previously approved privatization projects, while other officials have maintained the stance that the government remains committed to the sale of SOEs. Despite this rhetoric, some privatization projects have been completed and others are in progress. The electricity market is partially deregulated, and complete deregulation for low voltage users is part of the bailout agreement. The EU continues to push for Greek deregulation of high and medium voltage end user tariffs. In sectors opened to private investment, such as the telecommunications market, private enterprises compete with public enterprises under the same nominal terms and conditions with respect to access to markets, credit and other business operations, such as licenses and supplies. Some private sector competitors to SOEs report the government has provided preferential treatment to SOEs in obtaining licenses and leases. 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. Greece – as a member of the EU – participates in the Government Procurement Agreement (GPA) within the framework of the World Trade Organization (WTO). SOEs purchase goods and services from private sector and foreign firms through public tenders. SOEs are subject to budget constraints, with salary cuts imposed in the past few years on public sector jobs.

OECD Guidelines on Corporate Governance of SOEs

Greece does not have a centralized ownership entity that exercises ownership rights for each of the SOEs. However, the government is currently discussing with its international creditors the establishment of such an entity. This new entity – referred to in the August 2015 bailout agreement as the "new privatization fund" – will include HRADF, the Hellenic Financial Stability Fund, and the state property company (ETAD). As of March 2016, Greece and its creditors had not yet determined the specific ownership policy and guidance for which state-owned entities will be included. Currently, 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.

10. Responsible Business Conduct

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

OECD Guidelines for Multinational Enterprises

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

11. Political Violence

In 2015, and continuing into the first quarter of 2016, Greece experienced intermittent small-scale terrorist attacks such as targeted package bombs, improvised explosive devices, and unsophisticated incendiary devices (Molotov cocktails) from domestic anarchist groups aimed against the properties of political figures, party offices, private bank ATMs, privately-owned vehicles, ministries, police stations, foreign businesses, industry associations, and tax offices. While Greece has enhanced its anti-terrorism, counter-crime, and border control efforts over the last few years through new policies and cooperation through EU and bilateral agreements, the new government has been overwhelmed with the flow of migrants into and through Greece in 2015. It introduced policy changes in several of these areas, particularly in response to EU border security concerns. Overall, bilateral counterterrorism cooperation with the Greek government remained strong. Support from the Greek security services with respect to the protection of American interests is excellent.

Trade unions and civil society groups frequently held strikes and demonstrations in 2015 and into the second quarter of 2016 to protest the Greek government's adoption of reforms and implementation of austerity measures included in the EU/ECB/IMF loan packages. While most of these demonstrations and strikes were peaceful and small-scale, they often caused temporary disruption to essential services and traffic. Such strikes have increased since summer of 2015, when the new government reached an agreement on a package of bailout measures. The anti-austerity anarchist group “Rubicon” regularly occupied sites in 2015, including the German company Siemens, parliament, and the headquarters of the political parties of the coalition government. Anarchist and anti-authoritarian demonstrations increased in 2015 and the first quarter of 2016, as the government negotiated and implemented terms of a bailout for Greece. Anarchist groups are known to sometimes attach themselves to other demonstrations to create mayhem.

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

In July 2013 members of the terrorist organization Revolutionary People’s Liberation Party/Front (DHKP-C) were arrested on Chios Island while trying to smuggle ammunition and heavy weaponry into Turkey. This prompted an expanded police investigation and additional arrests. In February 2014, four members of DHKP-C, one of whom is a senior DHKP-C leader, were arrested in Athens. In January 2015, 13 of the suspects were tried. Charges were dropped against two of the suspects while eleven individuals were convicted and sentenced to prison for three to seven years on charges ranging from buying and transporting weapons to human smuggling. Six of the 11 sentences were commuted to monetary fines.

The RS, an anti-establishment radical leftist group, has claimed responsibility for a large number of attacks on police, banks, and other targets, including an RPG attack on the U.S. Embassy in January 2007 and the bombing of the Athens Stock Exchange in September 2009. In April 2013, five members of RS were convicted and sentenced to long-term imprisonment. Two additional members were convicted in absentia. In January 2014, Greek authorities issued a substantial reward for their arrest; one of whom was recaptured in July 2014 and sentenced in March 2016 to a life sentence plus 129 years. In April 2014 RS claimed responsibility for a car bomb attack targeting the offices of the IMF and Greek Central Bank.

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

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

The Popular Fighters Group (PFG), also known as the Group of Popular Fighters (OLA), claimed responsibility for the November 2015 bomb attack at the offices of the Hellenic Federation of Enterprises, which caused extensive damage to the offices and surrounding buildings. It has also claimed responsibility for the December 2014 attack on the Israeli Embassy in Athens, which resulted in no injuries and minor damage to the building. The shells found at the scene matched those used in the attack on the German Ambassador's residence in Athens on December 30, 2013, for which PFG claimed responsibility in February 2014. PFG has also claimed responsibility for an indirect fire attack on a Mercedes-Benz building on January 12, 2014, and an attack in January 2013 against the headquarters of the then-governing New Democracy party in Athens.

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

12. Corruption

Bribery is a criminal act and the law provides severe penalties for infractions, although diligent implementation and haphazard or uneven 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. Corruption related to the health care system and political party funding are also areas of concern, as is the "fragmented" anti-corruption apparatus. NGOs and other observers have expressed concern over perceived high levels of official corruption. Permanent and ad hoc government entities charged with combating corruption are understaffed and underfinanced. Various polls have indicated that 95% of Greeks believe corruption is a widespread problem in the country, placing Greece well above the EU average of 76%. Three out of five Greeks polled said they believed corruption affected their everyday lives, compared to an EU average of only 26%.

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. A December 2014 law does not allow high ranking officials, including the prime minister, ministers, alternate, and deputy ministers, parliament deputies, European Parliament deputies, general and special secretaries, regional governors and vice governors, and mayors and deputy mayors to benefit from more lenient sentences in cases involving official bribes.

On March 19, 2015, the government passed Law 4320, which provides for the establishment of a General Secretariat for Combatting Corruption (GSCC) under the authority of a new Minister of State. Under Article 12 of the Law, this entity drafts a national anti-corruption strategy, with an emphasis on coordination between anti-corruption bodies within various ministries and agencies, including the Economic Police, the Financial and Economic Crime Unit (SDOE), the Ministries' Internal Control Units, and the Health and Welfare Services Inspection Body. Based on Law 4320, two major anti-corruption bodies, the Inspectors-Controllers Body for Public Administration (SEEDD) and the Inspectors-Controllers Body for Public Works (SEDE), were moved under the jurisdiction of the General Secretariat for Combatting Corruption. A minister of state for combatting corruption was appointed to the cabinet following the January 20, 2015 elections and given oversight of government efforts to combat corruption and economic crimes. The minister drafted coordinated plans of action and monitored their implementation, and was given operational control of the Economic Crime division of the Hellenic Police, the Financial and Economic Crime Unit (SDOE), ministries' internal control units, and the Health and Welfare Services' inspection body. Following September 20, 2015 national elections, the cabinet post of minister of state for combatting corruption was abolished, and those duties were assigned to a new alternate minister for combatting corruption in the Ministry of Justice, Transparency, and Human Rights.

Legislation passed May 11, 2015 provides a wider range of disciplinary sanctions against state employees accused of misconduct or breach of duty, while eliminating the immediate suspension of an accused employee prior to the completion of legal proceedings. If found guilty, offenders could be deprived of wages for up to 12 months and forced to relinquish their right to regain a senior post for a period of one to five years. Certain offenders could also be fined from €3,000 to €100,000 ($3,300 to $110,000). The law requires income and asset disclosure by appointed and elected officials, including nonpublic sector employees, such as journalists and heads of state-funded NGOs. Several different agencies are mandated to monitor and verify disclosures, including the General Inspectorate for Public Administration, the police internal affairs bureau, the Piraeus appeals prosecutor, and an independent permanent parliamentary committee. Declarations are made publicly available. The law provides for administrative and criminal sanctions for noncompliance. Penalties range from two to ten years' imprisonment and fines of from €10,000 to €1 million ($11,000 to $1.1 million).

In 2015, the government intensified efforts to combat tax evasion by increasing inspections and cross-checks among various authorities; however, media alleged instances of complicity by tax officials in tax evasion by individuals and businesses. Reports of official and police corruption continued. The police bureau of internal affairs conducted investigations and took numerous disciplinary measures, including dismissal and suspension, against officers involved in corruption. On January 18, 2015 the Ministry of Administrative Reform announced 133 state officials were dismissed during the last four months of 2014 on various criminal and administrative grounds, including solicitation of bribes, inaccurate statements of wealth acquisition, and other reasons.

On March 24, 2015, a special court in Athens sentenced a former finance minister involved in the mismanagement of a list of more than 2,000 citizens with foreign bank accounts to one year of prison, suspended for three years. He was convicted of a misdemeanor for tampering with an official document and was acquitted on the charge of breach of faith. In December 2015, an Athens appeals court sentenced a former finance minister and his wife to four years in prison, a €10,000 ($11,000) fine, and €20,000 ($22,000) each in damages for failing to declare €1,311,000 ($1.4 million) in their 2009 tax returns. The prison sentence is convertible to a payment of €10 ($11) per day. The General Secretariat for Public Revenues internal affairs department and other competent authorities found discrepancies between the declared income and actual assets of some state employees following inspection of their wealth statements. Those cases were referred to the Ministry of Justice for further action.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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

- Council of Europe Civil Law Convention on Corruption: Signed June 8, 2000. Ratified February 21, 2002. Entry into force: November 1, 2003.

- Council of Europe Criminal Law Convention on Corruption: Signed January 27, 1999. Ratified July 10, 2007. Entry into force: November 1, 2007.

- United Nations Convention against Transnational Organized Crime: Signed on December 13, 2000. Ratified January 11, 2011.

Resources to Report Corruption

Government Agency

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

Watchdog Organization

Organization: Transparency International Greece
Address: 4 Thetidos Street, 115 28, Athens
Telephone number: +30-210-722-4940
Email address: tihellas@otenet.gr

13. Bilateral Investment Agreements

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

Bilateral Taxation Treaties

Greece has Bilateral Investment Treaties (BITs) with:

1. Albania
2. Algeria
3. Argentina
4. Armenia
5. Azerbaijan
6. Bosnia and Herzegovina
7. Bulgaria
8. Chile
9. China
10. Congo
11. Croatia

12. Cuba
13. Cyprus
14. Czech Republic
15. Egypt
16. Estonia
17. Georgia
18. Germany
19. Hungary
20. India
21. Iran
22. Jordan
23. Kazakhstan
24. Korea
25. Latvia
26. Lebanon
27. Lithuania
28. Mexico
29. Moldova
30. Morocco
31. Poland
32. Romania
33. Russian
34. Serbia
35. Slovakia
36. Slovenia
37. South Africa
38. Syrian
39. Tunisia
40. Turkey

41. Ukraine

42. Uzbekistan

43. Vietnam

14. Foreign Trade Zones/Free Ports/Trade Facilitation

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

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

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

	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ($M USD)	2015	$210.3	2014	$235.6	http://www.worldbank.org/en/country/greece
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	2014	$627.6	2015	-447$	http://bea.gov/international/xls/USDIA%20Position%202010-2014.xlsx
Host country's FDI in the United States	2014	$15.4	N/A	N/A	http://bea.gov/international/xls/fdius-current/FDIUS%20ctry%20by%20ind%20Position%202010-2014.xlsx

($M USD, stock positions)					
Total inbound stock of FDI as % host GDP	2014	N/A	2013	19%	https://data.oecd.org/fdi/fdi-stocks.htm

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			Outward Direct Investment		
Total Inward	22.533	100%	Total Outward	30.511	100%
Luxembourg	5.824	26%	Turkey	6.474	21%
Germany	5.553	25%	Cyprus	5.969	20%
Netherlands	5.421	24 %	Romania	3.610	12%
France	1.834	8%	Netherlands	2.585	8%
United States	1.718	8%	United States	2.176	7%
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	10,168,315	100%	All Countries	7,302,520	100%	All Countries	2,865,795	100%
United Kingdom	1,335,903	13%	United Kingdom	969,527	13%	Canada	438,128	15%
Cayman Islands	1,206,399	12%	Cayman Islands	908,431	12 %	United Kingdom	366,376	13%
Canada	850,231	8%%	Japan	703,521	10%	Cayman Islands	297,968	10%

Japan	801,231	8%	Switzerland	427,047	6%	Australia	177,741	6%
France	496,606	5%	Ireland	426,273	6%	Netherlands	173,316	6%

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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