Investment acceleration toolkit

May 2018

Prologue

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Chairman
SEV - Hellenic Federation of Enterprises

The next day after the conclusion of Greece's 3rd MoU, demands all of our determination and commitment in order to ensure that the wrongdoings of our economic behavior are not repeated ever again. SEV considers an aggressive reform program aiming to create structures mechanisms and procedures for accelerating investment as a necessary step in that direction. Such a program will accelerate convergence with EU practices, and improve overall investment efficiency and public revenue.

The door through which we exit the crisis is not the same as the one we entered it through. It will go through capital investment for new production activities, instead of through borrowing for imports and consumption. For this, we need an investment-friendly reform program to double productive investments as soon as possible in order to, once again, create new jobs and conditions for prosperity.

If there is a "silver bullet" that will allow us to take advantage of the positive investment momentum and the planned private investments, in the Greek economy it is a sincere and determined will to turn the country into an attractive investment destination. The international best practices that are found in the toolbox developed by Deloitte for SEV demonstrate what we should also be committed to. A commitment that includes their implementation and does not stop at legislation.

Dimitris Koutsopoulos
CEO
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Greece needs to reposition its competitiveness in the international and ever-changing investment landscape. Challenges need to be faced and significant opportunities exploited. Investment is a key driver of growth in the economy. Deloitte has studied international examples and good practice to accelerate productive investments and has developed for SEV an "investment toolkit" that will help Greece move forward. To achieve this goal, Greece needs an innovative approach that will help the country fill in the investment gap created during the crisis period but also a strategy to diversify internationally.

Table of contents

Executive Summary

1. Greece and the International Investment Competition
2. Investment Reform Goals
3. Investment Acceleration Toolkit
4. Investment Reform Program

Executive Summary

Investment is a key driver of economic growth. Despite major reform efforts of recent years, Greece faces significant challenges in attracting investment and still ranks very low in key international competitiveness and doing business indexes.

An investment gap has been created between Greece and the EU. Cumulatively, it is estimated at over €100 billion between 2009 and 2017. Increasing investments is linked to a significant positive impact on growth and €100bn in investments over a five-year period can increase GDP by an estimated €15-20bn per annum and create between 200-250 thousand new jobs in addition to the further benefits of the investments' productive effects.

SEV – Hellenic Federation of Enterprises advocates the necessity of an aggressive investment-reform program to create structures, mechanisms and procedures that will accelerate convergence with EU practices, improve overall investment performance and increase public revenues.

Deloitte developed a investment acceleration toolkit for SEV by identifying good practices that improve the country's competitiveness as an investment destination.

9 sectors of the Greek economy were examined, 30 interviews with businesses, public administration bodies and overseas entities were conducted and 36 factors which negatively influence investment decisions were identified. Through research, and with the support of Deloitte's international network, around 130 good practices from 35 countries were identified for their potential application to the Greek economy. Based on these good practices abroad, Deloitte developed the "Investment Acceleration Toolkit" which contains 50 tools aiming to improve key factors that influence investment decisions and to attract more and better investments.

The " Investment Acceleration Toolkit" contains good practices, structures and mechanisms that have already been implemented across most of the EU with a view to cover the basic conditions and to boost the resilience and efficiency of investment attraction instruments. In addition, is promotes differentiation through the development of innovative, high value-added, goods and services which can successfully participate in international value chains and successfully withstand the international competition.

The toolkit focusses on a series of options that need to be implemented as part of an integrated strategy that is neither isolated nor intermittent but instead, is based on economic growth considerations and the just treatment of the investment community.

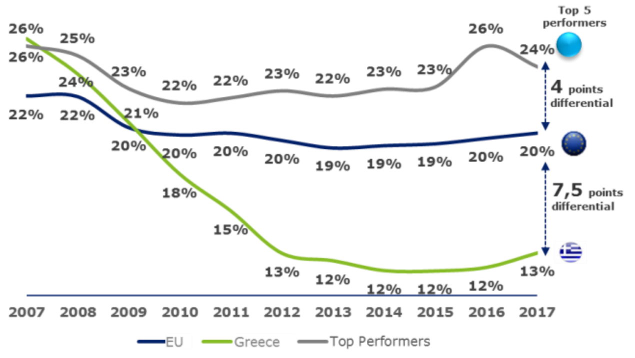
This document is a summary of the "Investment Acceleration Toolkit" developed by Deloitte for SEV, except if otherwise stated.

1. Greece and the International Investment Competition

Greece and the International Investment Competition

Greece faces a competitiveness gap and an investment gap. Between 2009 -2017 the investment gap with the EU has reached an estimated cumulative total in excess of €100bn.

Investment as a % of GDP
2009 – 2017 Greece, EU Total, Top 5 EU countries



The cumulative investment gap between Greece and the EU average is estimated at **€ 100 billion.** When compared with the 5 most effective EU countries in attracting investments (top 5 performers), the gap rises to **€ 150 billion**.

Greece faces significant challenges in repositioning its competitiveness versus the international competition, as most EU countries efficiently implement strategies to improve their own competitiveness.

Despite the recent reform effort, the ease of doing business in Greece remains very low compared to the EU.

Global Competitiveness Index

Greece's ranking (137 countries)

28th Compared with 28 EU countries

Doing Business

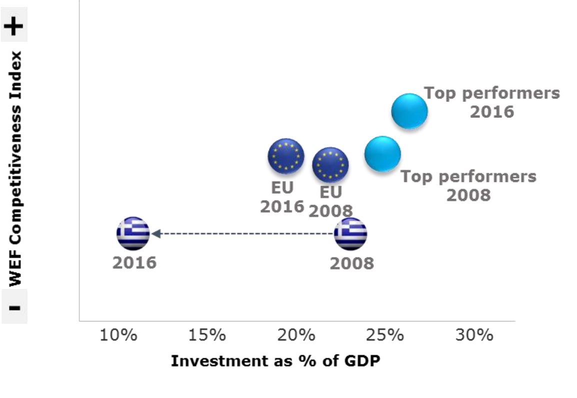
Greece's ranking (190 countries)

27th Compared with 28 EU countries

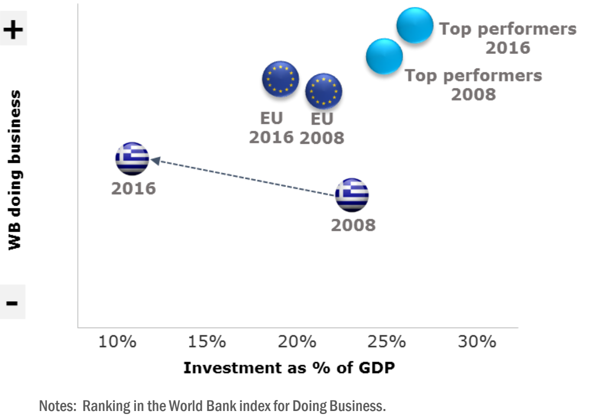
Between 2008-2016, investments in Greece declined dramatically, while the country's competitiveness also declined. EU countries, and especially the Top 5 performing countries increased their competitiveness and strengthened their relative position.

Greece's business environment has significantly improved although its performance still remains lower than the EU average. EU countries did not show significant change, while the top 5 performing countries were particularly aggressive in improving their business environment.

Investment as a % of GDP and competitiveness (Greece, Total EU, Top 5 EU countries)



Investment as a % of GDP and ease of doing business (Greece, Total EU, Top 5 EU countries)



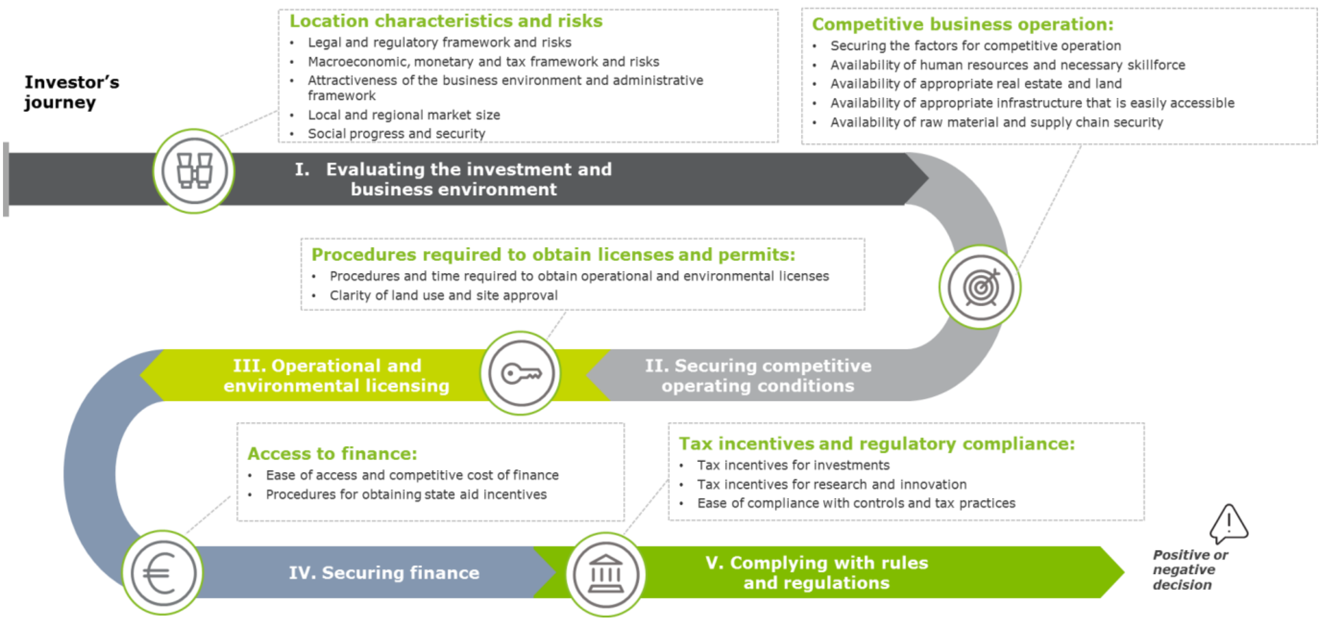
Notes: Performance in the WEF index.
GDP: Gross Domestic Product
Investment refers to the Gross Fixed Capital Formation as a % of Gross Domestic Product.
Top 5 countries: Countries with the best investment performance in 2017 – GFCF as a % of GDP (Czech Republic, Sweden, Estonia, Ireland, Austria)

Notes: Ranking in the World Bank index for Doing Business.

Investor's Decision journey

Investors evaluate certain key parameters when making investment decisions

Parameters that investors evaluate while planning an investnment journey



Key questions posed by investors

I. Evaluating the investment and business environment	Is taxation **predicable?**	Is the **legal framework** simple and clear?	Will potential **disputes** be **resolved** quickly?	Is there a contact point for **reliable information**?
II. Securing competitive operating conditions	Will I secure competitive production **factors**?	Is there **specialized labor force available**?	Will I find **trained staff** to recruit**?**	Is **energy priced competitively**?
	Is the **market stable and regulated**?	Are there mechanisms to **secure quality and trademarks**?	Is **R&D easy to commercialize**?	Are the **goods transported** effectively?
III. Operational and environmental licensing	In which **planning zones** is the investment allowed?	How much time do I need to **get an environmental permit**?	Will I avoid **bureaucracy in licensing**?	
IV. Securing finance	How is the **cost of debt**?	**Are there alternative sources of finance**?	Will I avoid **bureaucracy in securing subsidies?**	
V. Complying with rules and regulations	Are there any **tax incentives** for fixed asset investments?	Are there any **incentives** for **R&D activities**?	How does the **patent box** work?	

Investment barriers

Investors in Greece face several problems and disincentives throughout an investment journey

Problems and investment disincentives that investors faces

Investor's journey

- *Slow justice procedures and conflict resolution*
- *Negative image of Greece, as an investment destination*
- *Unstable tax framework*
- *Slow justice procedures and conflict resolution*
- *Unclear legal and administrative framework*

- *Digital immaturity*
- *Difficulty in covering technical positions*
- *Inadequate cooperation between research institutions and business*
- *Non competitive energy and telecommunication cost*

- *Uncertain limits for land uses*
- *Time consuming procedures for obtaining operational and environmental licenses*

- *High cost of financing*
- *Complex procedures for debt and business restructuring*
- *Time consuming and bureaucratic procedures for obtaining grant incentives*

- *Inadequate tax incentives for fixed asset investments, R&D activities and innovation (patent box)*
- *Uncertainty in audit procedures and tax write-offs treatments*

Selected indicators illustrating Greece's problematic position when compared to the European median, in certain key parameters

WORLD ECONOMIC FORUM

Global Competitiveness Index
Ranking and comparison with the European median

Indicator	Greece	EE-28 Mean
Effect of taxation on incentives to invest	137th	79th
Company spending on R&D	87th	36th
Innovation	85th	31st
Availability of latest technologies	62nd	29th
State of cluster development	121st	38th
Quality of the education system	106th	48th
Country capacity to attract talent	133rd	68th
Availability of financial services	131st	37th
Burden of government regulation	130th	98th

THE WORLD BANK

Ease of Doing Business
Ranking and comparison with the European median

Indicator	Greece	EE-28 Mean
Registering Property	145th	37th
Dealing with construction permits	58th	44th
Enforcing contracts	131st	34th

EE-28 Mean

WEF: Data 2016 Report: 2017-2018, 137 countries

WB: Data: 2017 Report: 2018, 190 countries

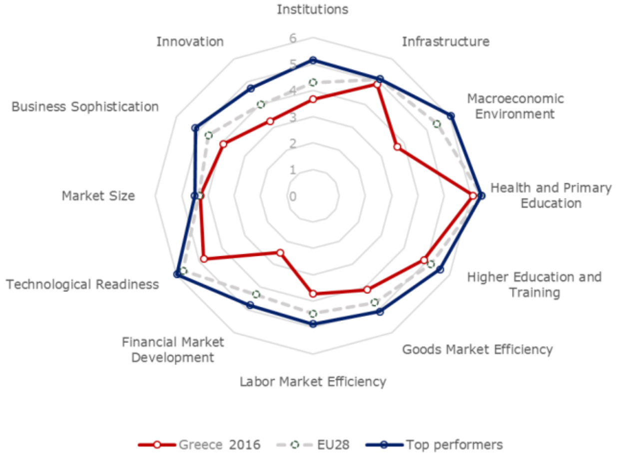
2. Investment Reform Goals

Investment Reform Goals

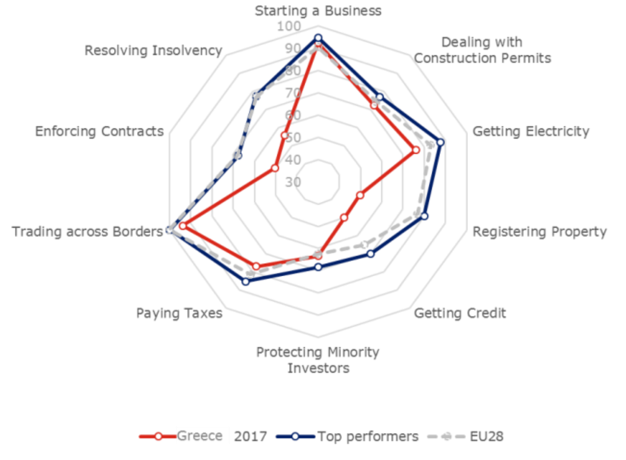
SEV proposes an investment reform program, based on the “Investment acceleration toolkit” developed by Deloitte, in order to improve the country’s competitiveness, re-position it on the investment map and bridge the investment gap.

Reforms target performance convergence in terms of effectiveness of investment acceleration mechanisms

Global Competitiveness Index
Rating in the 2017-18 report, 137 countries



Ease of Doing Business
Rating in the 2018 report, 190 countries



Additional investments are associated with a significant socio-economic impact. More specifically, €100bn investments over a 5-year period could lead to an estimated additional €15-20 billion in GDP annually and the creation of 200-250 thousand new jobs. This estimate does not take into account any additional impact that the productive operation of these investments may have in the future.

Goals of Investment Reform

For SEV, an ambitious and aggressive investment reform program is necessary horizontally, for the economy as a whole, but also sectorally, in the nine main investment categories (mining & metal processing, food processing, pharmaceuticals, energy, telecommunications, transport - logistics, education, digital economy and circular economy). Only such an investment reform program can help Greece double investments in productive activities over the next 4 - 6 years, and thus significantly increase the share of investments in GDP from the current 13% to 20%.

The proposed reforms promote structures, mechanisms and procedures which accelerate investments, support the convergence with other EU countries, improve overall investment attraction and positively impact public revenues.
The following specific goals have been defined:

1. **25% reduction of the bureaucratic and administrative burden** by 2020 (an objective put on hold since 2013).
2. **35% reduction** in timeframe for resolving **administrative and litigation disputes** by 2020.
3. **30% reduction** in licensing **timeframe** by 2020.
4. **30% corporate tax reduction** (directly or indirectly) for new investments and **simplification of tax procedures**.
5. **Doubling private investment in innovation** by 2023.
6. **4% increase in the digital economy's GDP share** and creation of at least 50,000 jobs by 2021.
7. **8,000 more medium and small businesses focusing** in exports and innovation by 2025.

For the governance of this program SEV proposes the **establishment of a National Investment Council (NIC) directly reporting to the Prime Minister to** oversee the implementation of the investment reform program. Political commitment, across the spectrum, is also needed in order to ensure viability of reforms independently from the political cycle and government changes.

Any delays in the reform program will hinder the acceleration of investment mobilization and will further delay the necessary boost in the economy, income and employment that Greece needs.

3. Investment Acceleration Toolkit

Methodology

The "Investment acceleration toolkit" developed by Deloitte, contains successfully applied examples and practices to attract more and better quality investments from the international experience.

9 sectors:

- Pharmaceuticals
- Food Processing
- Mining & metal processing
- Energy
- Teleommunications
- Transportation - Logistics
- Education
- Research – Innovation - Technology
- Circular Economy

+30 interviews with leading companies, domestic and foreign public administration agencies

5 basic parameters that are evaluated by investors:

I. Evaluating the investment environment
II. Securing competitive operating conditions
III. Operational and environmental licensing
IV. Securing finance
V. Complying with rules and regulations

36 problems that are either horizontal or sectoral in specific investment categories

130+ best practices from more than 35 countries

50 tools for investment mobilization

Objectives and critical success factors

The investment toolkit aims to cover the basic conditions and to improve the economy's resilience and efficiency as well as its ability to differentiate production and create sustainable competitive advantages.

Investment toolkit objectives

03 ***Innovate to differentiate***
Develop innovative products and services, which are able to compete in global value chains.

02 ***Enhance resilience and efficiency***
Improve the efficiency of investment promotion and mobilization mechanisms.

01 ***Cover the Basics***
Solve the basic competitiveness problems and investment barriers.

The effective implementation of the toolkit will also support the overall effort to mobilise investment that requires a strong commitment and a cultural shift in order to serve an integrated growth strategy.

Prerequisite conditions for investment mobilisation

"A level playing field"

Investment Toolkit
The toolkit supports the creation and promotion of an environment that provides a level playing field to stimulate investments.

Investment Culture
Activation of investment reflexes at all levels of governance and society. Recognition of key role education plays in creating the environment that will nurture the country's competitive advantages.

Commitment
Making the most of the intense reform effort of recent years requires the effective implementation of existing regulations in order to underline the commitment towards the investment community and gradually achieve the expected results.

Investment acceleration toolkit

The tools for accelerating productive investments throughout the investor's journey are presented below.

I. Investment and business environment

The toolkit aims to reduce uncertainties concerning the tax, legal and regulatory framework, as well as to promote a level playing field. Good practices are related to the simplification of the administrative framework, reducing administrative burden, automating certain legal procedures and providing administrative support to the judiciary in order to accelerate dispute resolution. Particular emphasis is placed on the stable and predictable reduction in tax rates and on horizontal tax incentives. In addition, most European countries have created structures and mechanisms, developed their national growth identity, and coordinated promotion efforts towards the international investment community.

I.1 Long term marketing campaign, promoting Greece as an investment destination

The United Kingdom 's centrally coordinated "Great" campaign showcased the country's benefits as a world-class destination. It attracted investments with an ***economic return of ~ £ 2.7 bn over a 5-year period.***

I.2 Indirect Tax Reduction for companies investing and sustaining employment

Italy has developed significant horizontal tax incentives (super and hyper depreciation of 140% and 250% in industrial and technological equipment, exclusion of intra-group transactions in VAT, compensation for corporate participations, tax credit on R & D activities, patent regime), and a ***reduction in corporate tax rate from 27.5% to 24%, from 2017.***

I.3. Scaled tax deductions for strategic investments

Many countries provide incentives for flagship investments in specific areas:

In Israel's "priority areas"*, multinational companies that invest at least € 23 million in R&D and employ 250 employees enjoy a 5% tax rate.*

In "Hungary's "preferred regions'"*, 80% tax deductions of the current tax rate of 9% is granted for 12 years.*

I.4. Customised support and advice to investors

Ireland's investment Promotion Agency - IDA Ireland is an independent organization that ***has succeeded in creating eco-systems*** *in cutting-edge industries. It offers personalized services to investors, manages offices in strategic cities and promotes networking and partnerships with local suppliers.* ***IDA Ireland secured 237 new investments in the country in 2017 alone.***

I.5. Better regulation, administrative burden reduction and improved monitoring of new legislation

The United Kingdom 's ***1 in - 1 out rule (2011) yielded annual savings for businesses of £ 2.2 bn.*** *→ For each new regulation which may increase the administrative burden for businesses, at lease one other regulation with the same or higher net cost is withdrawn. The measure was doubled to "1 in - 2 out" in 2013 –and tripled to "1 in - 3 out" in 2015.*
In addition, all legislation concerning businesses is implemented biannually, on specific dates. Impact assessments and compliance guides are also published for new legislation.

*Estonia eases compliance through the "****e-Estonia****" platforms :*

- *Citizens can access information on all legislation since 2003 (implementation phase, changes, etc).*
- *All legal documents are digitally signed and electronically submitted*
- *Electronic ministerial cabinet agenda and information service*

Regulatory Oversight Bodies*" to effectively monitor the adoption of better regulation practices as well as the reduction of administrative burdens are also in place in countries such as the Netherlands, Sweden, Germany and Portugal .*

I.6. Faster judiciary procedures through administrative support and ICT

South Korea: Electronic Courts Automation ***(e-courts)*** *& Electronic Judicial Support Services.*

Estonia: Each judge is assigned a ***personal administrative assistant*** *- legal advisor with postgraduate qualifications. The measure has led to a 34% reduction in the average case trial time. In addition, all processes are already entirely paperless since2015.*

Slovenia: Classification system for pre-processing of cases ***(triage system)***

Latvia: Implementation of a weighted case allocation system, which takes into account the complexity of the case and the estimated time needed for the trial.

I.7 Gradual, long-term, tax rate reduction

The UK achieved ***tax predictability by gradually lowering the tax rate*** *19% from 28% in 2010. At the same time, it improved the effectiveness of collection mechanisms, reduced red tape, concluded transnational agreements on information exchange and upgraded information systems. Tax revenue increased despite the reduction in the rates.*

Investment acceleration toolkit
(continued)

II. Securing competitive operating conditions - Manufacturing

In order to strengthen the competitive advantages of the productive sectors, almost all European countries have developed targeted programs to support the transition towards Industry 4.0, stimulate innovation and support the development of successful business ecosystems. This ensures stable competitive conditions for the participation of companies in global value chains and the realization of private investment projects with significant growth potential.

II.1. Industry 4.0 program

II.1.1 Create regional Competence Centers and Digital Innovation Hubs

II.1.2 Develop Industry 4.0 culture and skills - apprenticeships, lifelong learning, doctorates

II,1.3 Ensure sufficient network infrastructure

II.1.4 Incentives related to R&D activities and workforce training

Italy announced in 2017 ***a new national plan to transition towards the 4th Industrial Revolution.*** *"Industria 4.0" aims to increase private investment in industry by €10bn in 2017/2018 alone. The plan provides investment support + €1bn, tax incentives and funding for ~ 1,400 specialized PhDs. Also, innovation centers across the country are founded and certification for 3,000 executives is provided.*

Denmark's National Initiative - MADE: Manufacturing Academy*, has resulted in the collaboration between SMEs, large enterprises, 5 universities, 3 technology centers, the Danish Industry Association and 3 additional institutions,* ***aiming to develop high-tech solutions***

II.2. "Sectoral Agreements" aimed at improving competitiveness:

II.2.1 Pact for increasing the pharmaceutical industry's competitiveness and the attraction of clinical studies

Belgium aims to maintain its leading position in clinical trials (2nd in Europe in per capita clinical studies) through the ***"Pact for the future" between the government and the pharmaceutical industry.*** *It ensures fast approval procedures for clinical trials (15 days for phase 1 and 28 days for phase 2, 3 and 4), tax incentives, innovation support etc.*

The "Pact for the Future" agreement between the government and the pharmaceuticals industry also helps in ***creating a stable framework for enhancing the competitiveness of the pharmaceutical sector.***

France developed an incentive system for increasing the penetration of generic pharmaceuticals in pharmacies in conjunction with the provision of stable profit margins per drug/prescription.

II.2.2 Pact for a mining and metal processing cluster

Canada attracted direct foreign investment in mining and succeeded in creating an ***ecosystem*** *through a strategic plan to exploit the country's significant mineral wealth. Focus is on high-level* ***human resource training*** *in mining-related subjects, the modernization of relevant legislation, the promotion of research by creating innovation centers, and the creation of geological databases where mining outcomes are published online to inform potential investors.*

II.2.3 Pact for improving the food sector's competitiveness and the promotion of Greek agro-food products in international value chains

France and Italy emphasize the ***promotion of locally produced food products*** *through various promotion techniques (eg #GoodFrance, or the campaign and development of international outlets of italian products - Eataly). At the same time, registered trademarks ensure and certify the origin and quality of local products.*

II.2.4 Pact for the establishment of a circular economy ecosystem

Many EU countries already have ***national plans for the circular economy****. These include, inter alia, the Netherlands, Germany, Italy, Portugal, Finland. Wales aims to become a "Zero Waste Nation" by 2050.*

Investment acceleration toolkit
(continued)

II. Securing competitive operating conditions - Education, Research & Innovation

To stimulate investment in cutting edge, high added value, and knowledge-intensive products and services it is necessary to strengthen collaboration between business, academe and research aimed at commercial exploitation of research results and to create specialized study programs aimed the formation of innovation ecosystems. at many countries focus on the university-research-business collaboration, offer specialized curricula and build innovation ecosystems. In addition, incentives are also required in order to attract and retain talent in high growth, dynamic sectors.

II.3 Sustainable innovation support and University - Research Centers - Business collaboration

II.3.1 Agreement framework for profit-sharing of intellectual property proceeds

II.3.2 Establishment of new, applied research centers parallel to basic research

II.3.3 Implementation of an external system for the evaluation of research

II.3.4 Tax incentives related to R&D activities and innovation

*Israel's **long-term innovation strategy for innovation**, for which an **independent "Innovation Authority"** is responsible. Israel has developed into a global R&D center, as more than 300 multinationals have built R&D centers in the country.*

*Spain 's **innovation district**, the 22 @ Barcelona Innovation District,t was developed through the regeneration of an industrial area, the development of modern infrastructure, the promotion of networking and Hubs , and synergies between companies and the research community.*
Its success was based on attracting new technology companies and creating innovation clusters (8,823 companies established in the region, of which 47% are start-ups).

*France's **Industrial R&D poles**, i.e. the regional pooling of private & public research bodies, universities and businesses, aim to develop synergies for innovative projects. By extension, they have also become primary actors in regional development strategy.*

II.4. New Higher Education programs for international students

II.4.1 Programs based on the country's productive characteristics and comparative advantages: Logistics, digital transformation, classical studies, tourism, etc.

II.4.2 Strengthen networks with the international academic community

***Zaragoza University 's partnership with the Massachusetts Institute of Technology (MIT) provides focused programs on the Supply Chain**. It provides discounts to companies for training their executives and organizes conferences to support networking between companies and the academic community. In cooperation with local government, the two universities have also developed a logistics research center within a logistics park. The center is used to explore new processes and supply chain technologies and to develop innovative solutions.*

II. 5 Attracting and retaining talent

II.5.1 Visas for entrepreneurs, employees and investors

II.5.2 Collaboration network with Greek scientists abroad

*France 's **4-year "French Tech Visa"** residence permit, attracts start-ups founders, employees with postgraduate degrees and investors.*

*Ireland issues a residence permit for founders of start-ups under the **"Start-up entrepreneur program"***

II.6. Establishment and certification of non-state higher education

Since 2005, Cyprus has allowed the establishment of private universities. Today there are 5 privately run universities with 21,000 foreign students (+ 160% increase from 2012/2013)

II.7. Strengthening vocational training

*In Germany , there are **2-3 year apprenticeships combine internships** (70% of the time) with in-class learning (30%). Chambers of commerce and schools work together to design curricula based on labor market needs. It is considered a strategic tool for developing the necessary skills for the Industry 4.0.*

Investment acceleration toolkit
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II. Securing competitive operating conditions – Transport & Networks

The development and improvement of core transport, energy and telecommunications infrastructure is a priority in many countries. In the most developed countries, emphasis is on efficiency gains and new technologies. In addition, there is the development of international partnerships to create strategic alliances between companies operating in global value chains.

II.8. International strategic partnerships for the development of a regional Logistics' hub

*The Netherlands' leading role in international logistics and transportation also includes **a comprehensive support framework for logistics activities** which contribute around 10% of GDP. It emphasizes the development of infrastructure interconnections, the exploration of innovative methods to simplify procedures, B2G cooperation, specialized training programs, optimization of financing of the overall supply chain, and land-use planning.*

II.9. Clustering & cooperation for the development of innovative technologies in energy production, transportation and distribution

*France, in cooperation with other European countries, is developing **large inter-regional ecosystems of smart electricity grids** with significant investment and employment prospects.*

II.10. Improving Transportation infrastructure efficiency through smart technologies and the Internet of Things

*The Netherlands' **innovative "smart logistics" methods increase port efficiency,** through IOT dock automation, smart apps that improve port operations' efficiency and IT systems for digitally interconnected ports.*

II.11. Single window system to improve information flows and customs procedures

*Singapore's Trade Single Window eliminates all unnecessary procedures for commercial licensing and transactions by utilizing standardized information forms and documentation through a **single electronic portal**. The result is improved cooperation between authorities and minimized approval times.*

II.12. Mechanisms and measures for energy costs' reduction to support energy intensive industries

*A single electricity market has been in operation for several years in nine northern countries. Nord Pool leads the implementation of the Target Model and **achieves competitive prices and security of supply for market members.***

II.13. Swift implementation of electricity and gas transmission infrastructure and interconnections

*European countries have developed sustainable infrastructure on the basis of the EU Directives to promote **cleaner energy sources**.*

*Spain is investing in the development of **LNG infrastructure in Tenerife** (for receiving, storage, regasification and transportation) in order to supply power plants and other commercial and domestic consumption.*

*Italy is developing infrastructure in both of Sardinia's for the **reception, storage and regasification of LNG**. The aim is to supply medium-sized industries as well as two urban areas.*

II.14. Specialized logistics parks development

*In Spain, local authorities' initiatives led to investment in infrastructure and interconnections for the development of a supply chain ecosystem. The city of **Zaragoza's** park is built on a green field site of 13 m. sq.m. It is managed independently under the regional authority and has also developed other, specialized logistics parks which focus on various sectors interest (eg automotive industry, recycling, etc.)*

II.15. Accelerating the development of broadband networks, through EU programs and a favorable regulatory framework for private investment

*The UK's goal is to have **the best and fastest broadband network in Europe by 2024.** To this end, it developed a national project, divided into various local ones and focuses on high-speed communication infrastructures, investment in a **IoT research hub and Super-Connected Cities**. In addition, it enhances the use of open data and creates a favorable regulatory framework.*

Investment acceleration toolkit
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III. Licensing and environmental permits

The various initiatives aimed at accelerating the licensing procedures are based on a holistic approach for the pubic administration. A key point is the creation of continuous training and evaluation mechanisms, while also upgrading the "investors' experience" through interactive tools which support licensing procedures.

III.1. Measures for accelerating the investment licensing procedures:

III.1.1 Pre-certification of sites (environmental, archaeological, ownership, etc)

*In the UK, local authorities undertake the **"pre-licencing" of land**, including specific building conditions, for the regeneration of specific areas. The conditions are defined through public consultations with local communities.*

*In Canada the **ex-ante evaluation and certification of private land** (environmental, archaeological, infrastructure, deeds) is carried out and presents "Investment Ready Certified Sites" with pre-determined permitted uses.*

III.1.2 One-Stop-Shop licensing

- *Specific sectors' projects are licensed by **specific authorities** (Canada and Germany)*
- *Smaller scale projects are fully licensed at the municipal level through a **single permit** that includes permissions for building, operations, environment, etc. (All in one permit for physical aspects)– Netherlands). Integration of environmental regulations and one-stop-shop operation for all projects from 2019.*
- ***One-stop shop** for obtaining all the permits and licenses required for operations **within industrial parks** (Turkey, United Arab Emirates)*

III.1.3 Investments' Committee for Facilitating and accelerating investments

*In Portugal, **a special investment committee is set up** for oversight, problem resolution, timely completion etc of licensing procedures for flagship investments on the basis of strict and binding timelines.*

III.1.4 "Declaration of Conformity" extension

*In Germany, a **"Declaration of Conformity" system** is used for modifications and extensions of industrial sites provided the environmental impact is not increased. Also, there is a **silent consent provision** with a strict 1-month deadline for any objections by the authorities.*

III.1.5 Outsourcing public services related to investments

*In Georgia, there is the Committee for the **Evaluation of Environmental Impact Assessments**, which can consist of only **external certified assessors / inspectors**. The deadline for an EIA assessment is 15 days and the "silent is consent " provision also applies.*

III.1.6 Ex-ante licensing decisions by a central body

*The Netherlands plans to introduce a **"project decision" tool** from 2019. A central authority will assess the launching of development projects of public interest (usually building public infrastructure). The environmental permit for the construction of the project will be requested at a later stage and the other public authorities or bodies involved will not be able to delay or interrupt the project.*

III.2. Standardized & Online information

III.2.1 Online information regarding land uses

*In Denmark, **a single digitized land cadaster** and a platform with the necessary administrative services are used. This ensures that all stakeholders are automatically informed of results concerning applications for change of use or ownership.*

*Sweden and Georgia aim at security, efficiency and speed in online **land registrations, by using Blockchain technology.***

III.2.2 Online information on standardized licensing process

*The Netherlands provides an **online permit tool** to inform potential investors about the steps of the licensing process and the cases where authorization is replaced by a simple notification to the authorities.*

III.3. Public sector cultural shift

III.3.1 Education – Fostering an investment-friendly culture

*France through the École National d 'Administration, **places emphasis on training civil servants**, as a tool to improve the level of service provided to citizens and businesses.*

III.3.2 Performance evaluation system for civil servants

*In the USA, a single mechanism supervised by a central service has been developed to **evaluate the performance of civil servants**. It is an integrated assessment system with distinct stages (performance monitoring, training, reward), and with an alignment of personal and service-level targets.*

Investment acceleration toolkit
(continued)

IV. Securing finance

Alternative forms of financing, in addition to interventions underway to facilitate access to finance are a common objective for most countries. In addition, good practices include the abolition of capital accumulation taxes top promote ready-funded investments, oversight of financial support by certified auditors, and the promotion of reimbursable finance schemes.

IV.1. Development of bonds market (i.e. Green bonds)

*Many governments including the US, China, France, Germany are making extensive **use of green bonds**, especially for financing "green" projects. The development of green financing through appropriate tools is considered a crucial issue in support of the 'sustainable development' objective.*

IV.2. Information and use of alternative forms of financing (i.e. VCs, angel investing, crowdfunding)

*Israel has created an inclusive investment effort through **capital venture investments** (Venture Capital Industry). It targets high-growth companies in the fields of communications, computer science and health sciences (life sciences). Today, Israel is 2nd worldwide in the number of VCs and 3rd in the number of companies listed on the NASDAQ index behind only the US and China.*

IV.3. SMEs' support through reimbursable guarantees

*In Portugal, **the NSRF (National Strategic Reference Framework) support is provided through interest-free loans**. If the investment is delayed, the rate of aid is reduced, and if the objectives are achieved, it is "forgiven" up to 50% of the loan.*

*In Italy, tax credits for specific programs are provided through **ex ante agreements** since the rapid and smooth implementation is ensured via the Government's minimal involvement in the selection process, without complicated evaluation procedures and time-consuming audit procedures.*

IV.4. Abolishing certain indirect taxation in order to mobilise business capital

*In Germany, there is **no tax on capital accumulation / equity raising** both on establishment and on subsequent share capital increases.*

*Italy imposes **a fixed fee of € 185 on each capital injection** in cash or kind (or € 155 for e-payment).*

*The United Kingdom has **very low fees for raising capital** ranging between GBP 15-100.*

- *Bulgaria, the Czech Republic and Germany **do not impose stamp duties on transactions.***
- *In Cyprus, a stamp duty is imposed on real estate documents in Cyprus whereas in commercial transactions, the maximum stamp duty cannot exceed EUR 20,000 per document.*

IV.5. Information of structural funds and EU guarantee programs

*European Commission: **EU Cohesion Fund and funding tools** such as smart specialization and Horizon 2020 can be combined with other public and co-funded tools to create optimal leverage.*

IV.6. Oversight by certified auditors

*European Commission: Companies receiving grants for research activities under Horizon 2020 can choose their **certified external auditors.***

Investment acceleration toolkit
(continued)

V. Ensuring efficiency and compliance

Good practices are related to competitive tax tools aimed at boosting strategic investments, activating intellectual property and liberating innovation. In addition, most countries focus on simplifying and stabilizing the tax and auditing framework.

V. 1. Tax incentive for intellectual property (Patent Box)

*Since 2013, he United Kingdom has reduced its **tax rate on revenues from patent exploitation to 10%.** The process is controlled ex-post. Indicatively, 1,135 companies received a tax relief of £ 651.9 million in 2014-15.*

In 2015, Italy gave a 30% exemption on revenue from licensing or direct exploitation of specific intangible assets (including, industrial design, software and trademarks. In 2016, the exemption was 40% in 2016 and raised to 50% in 2017. The effective tax rate for this revenue is now 12%.

V.2. Tax incentive for R&D activities

*In the United Kingdom, the **tax benefit for eligible R&D costs is 24.7% for SMEs and 11% for large enterprises. The process is completed without approval by any authority**, but taxpayers are responsible for all relevant documentation. In 2015-16, R&D expenditure, as reported by 25,000 companies, reached almost £ 23bn.*

*Ireland provides **R&D tax credit of 25%** of eligible costs. The process doesn't involve **approval by an authority** or documentation when submitting the tax return. In 2014, 1600 companies received tax credits of € 553 million.*

*Italy provides a **tax credit of up to 50% of the increase in annual R&D expenditure**. In 2017 the companies benefiting from the measure increased by + 104% when compared to 2016.*

V.3. Off-setting liabilities with receivables

*In Italy taxpayers are entitled to **use the tax credit from research activities as a form of payment for income tax** or regional taxes as well as social security contributions.*

V.4. Loss carry-over harmonization

- ***Indefinite transfer of losses** is provided by France, Spain, Luxembourg, Germany, Austria, Italy, Malta, Norway, Sweden and Belgium.*
- ***Group losses are recognized** by France, Spain, Luxembourg, the Netherlands, Germany, Austria, Italy, Portugal, Poland.*

V.5. Tax audit normalization

*In the United Kingdom, following the filing of the tax return by businesses, the **tax authorities (HMRC) usually have a period of 12 months to check the tax return submitted.***

V.6. Corporate Group transactions simplification

- *In the European Union, at the end of 2015, the following countries had released a significant number of **APAs (Advanced Pricing Agreements):** Belgium 395, Luxembourg 519, Hungary 51.*
- *India **first implemented the APAs process in 2012 and by March 2017, 152 APAs were already applied.***

4. Investment Reform Program

Investment Reform Program

Administrative burden & investment bureaucracy

The situation today

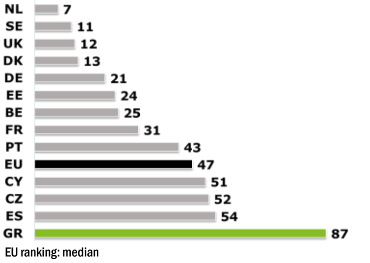
- A complex and changing regulatory framework, which leads to an increasing administrative burdens. Greece ranks 130th (out of 137 countries) in the WEF sub-index "Burden of government regulation",.
- Unclear legal and administrative framework and insufficiently coded legislation in investment related areas.
- Delays in secondary legislation.

Indicative examples

- In a 50-month period since 2014, there have been 82 changes related to the four main relevant laws (income tax, tax procedures, ENFIA, ELP).
- In the US since their founding, there have been 10 tax legislation bills in total. In Greece there have been 250 tax legislation bills since 1975 alone (source: Dianeosis).

WEF Ranking 2017-18

Institutions



EU ranking: median
2016 data

Investment Reform Target :

➢ **25% reduction** in bureaucracy and administrative burden by 2020, a goal which is consistently postponed since 2013. Ensure that new legislation does not add any new burdens.

Proposals based on Deloitte's investment toolkit for SEV

Investment reform program	Reference	Good practices
1-in / 2-out rule. For every new regulation which creates additional administrative burdens for businesses, the abolishment of regulations which create double the burden in question is required. Bi-annual reports provide information on the application of the rule and monitor the reduction of administrative burden.	Toolkit I.5	
Adoption of a binding annual program for the simplification, codification, evaluation, deregulation linked to expenditure reduction targets per ministry (provisions of Law 4048/2012 on better regulation).		
Fixed dates for implementation of new legislation. All legislation of interest businesses comes into force twice a year on specific dates, while reports / guides on compliance for new legislation are issued at least one month before that date.		
Legislative priority in reducing administrative burden. All arrangements involving a reduction of administrative burden have a legislative priority.		
Incorporating EU law. Integration of all EU legislation into national law with technical requirements and limits in a way that they do not create a competitive disadvantage for Greek companies.		
A Pact for SMEs: After assessment by the public administration, if new regulatory arrangements entail disproportionately high burden on SMEs, they can be excluded from implementation. Alternatively, measures to reduce the impact (eg a few exceptions, a transition period, etc.) may be sought.		
Digital Public Services (Government 2.0). Measures include the Single Window, the Single Tax Portfolio and the Electronic Registers (Urban Planning, Land Use, Licensing, unique digital ID). Single Dgital ID number for all interactions with the administration. Digital transactions and pricing throughout the supply chain. Process redesign, digital document management and workflows. Digital services by default. Cross-border services by default. "Once-only principle" for information from citizens and businesses.	Toolkit I.5 III.2.1 III.2.2 II.11	

Investment Reform Program

Enforcing justice in administrative disputes

The situation today

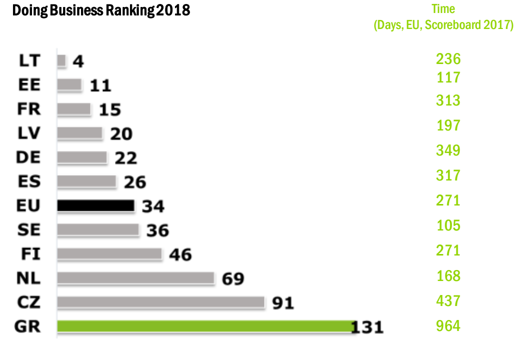
- Slow justice procedures and conflict resolution. Triple the EU average and the 3rd most important obstacle according to SEV's Business Pulse.
- Lack of legal and administrative support mechanisms for judicial proceedings.
- Over-regulation and regulatory complexity, often createthe conditions for disputes.
- Limited use of out-of-court settlement mechanisms.
- Only 20% digital communication with lawyers despite its applicability for 95% of the cases.
- 5% of the documents are electronically signed, 4% electronically submitted, 33% of judges do not have access to ICT.

Indicative examples

- It took 33 years for a mining and metal processing company to finalise a dispute with the Public Insurance Organization.
- The cost of running the Greek courts amounts to 0.3% of GDP. (source: EU Justice scoreboard). The same applies to Sweden and the Netherlands, but with ~ 6 times faster dispute resolution.

Solving administrative disputes

Doing Business Ranking 2018



EU ranking: median
2016 data

AUEB analysis for SEV:

Investment Reform Target :

➢ **35%** reduction in the time needed to resolve administrative and litigation disputes by 2020.

- Up to **€19 million** saved
- Up to **65,700** less man-days
- **70%** average reduction in production time and operating costs

Savings in time and money

42%	50%	65%
Cancelling Procedures	Tax differences	Bankruptcy proceedings

AUEB analysis for SEV:

Benefits from electronic support for court proceedings, concern 62,300 cases of 762,000 administrative and political cases annually (2014).

Benefits from an integrated management system of court cases show:

- 70% reduction in time
- doubling the decision rate
- € 235 million savings
- up to 800,000 less man-days (equal to the annual productive work of a mid-sized Greek town)
- 1.400 new jobs

Proposals based on Deloitte's investment toolkit for SEV

Investment reform program	Reference	Good practices
Administrative support for judges, especially in investment-related cases: • A "Triage" system for sorting and pre-processing cases. Court clerks deal with cases in the sorting phase and prepares the case for the hearing. The case is assigned to a judge only after the file is completed. • For each judge, a postgraduate degree assistant is appointed. Judges delegate functional responsibilities to legal assistants. • Staffing the High Court (Council of State) with chartered experts who will assist in faster decision making. • Establish a maximum 6-month time limit for postponing and cancelling strategic investment projects.	Toolkit I.6	
Case assignment based on complexity. The Supreme Court applies a case allocation system, which takes into account the complexity and the estimated time needed for the trial. Each judge is assigned cases of "equivalent complexity".		
Electronic court automation (e-courts) • Fully electronic procedures (e.g. document submissions, electronic documents, work progress, decision making, electronic boards, etc.). In Estonia, procedures have been fully digital since 2015. • Courts are electronically interconnected with public services to directly retrieve information. In the Netherlands, the courts' automation has reduced the average time for hearing cases to 168 days.		
Cost adjusted stamps duties for postponement requests (after the first postponement).		
Coding and simplification of legislation with priority on regulation which affects entrepreneurship and investments.	Toolkit I.5	

Investment Reform Program

Licensing

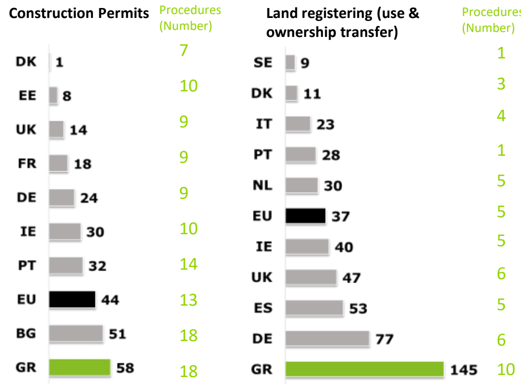
The situation today

- Long, time-consuming licensing processes (environmental, installation, operational, etc.).
- Approval management with limited coordination between the various governmental agencies.
- 53% of the country does not have specific spatial planning and there is no geographical identification of land uses
- Many regulations and modern tools remain inactive despite legislative harmonization with good practices (e.g. flexible spatial planning, electronic environmental register, external environmental impact auditors, tacit approvals, steering committees, joint meetings).
- Lack of staff, combined with limited use of external partners.
- Delays in consolidating informal groupings

Indicative examples

- For an environmental impact study approval, the agencies requested technical tests, which were impossible without operating the mine.
- Seven different public services were required to approve an environmental impact study of new machine installation in an existing production plant.
- After a delay of over 2 years in licensing, the investor ended up successfully suing the public authority.
- In order to build inside an existing licensed facility, fresh archaeological oversight was required.

Doing Business Ranking 2018



EU ranking: median 2016 data

Investment Reform Target :

➢ **30%** reduction in the time needed to obtain a license by 2020.

Proposals based on Deloitte's investment toolkit for SEV

Investment reform program	Reference	Good practices
1. Spatial Planning and information tools • **Digitization** of geolocation information (e.g. zoning, land uses, construction specifications, forest and archaeological legislation, coastal photography, etc.) and licensing requirements (standardized licensing requirements). • **Pre-licensing** with zone regulations and building conditions (e.g. business parks), together with binding approvals and construction times. • **Completion of spatial planning reform** with the Presidential Decree for land use planning, adoption of revised regional spatial plans, revision of special spatial plans (industry, RES) and establishment of the special land use planning for mineral resources and marine planning. • **Completion of the cadastre** with priority in areas of investment attractiveness. • Procedure for the **rapid resolution of conflicts in land use** .	Toolkit III.1.1 III.2.1 III.2.2	
2. Simplifying licensing **Declarations of Conformity and deadlines for approvals** • Abolishment of need for installation permit, at least in areas with pre-defined land uses • Removal of categorization based on a nuisance (as an installation criterion) and replacement by environmental provisions. • Extension of the duration of all individual licenses according to the validity of the Environmental Approval Decisions (AEPO). • Lifting the ban on the establishment and deployment of new activities of medium nuisance level in Attica, within business parks. • Compliance with deadlines. Adherence to legally binding timeframes for environmental permits through a re-evaluation of the classification of projects and activities (MD 37674/2016) based on modern environmental impact prevention practices. • Immediate activation of the Electronic Environmental Registry, which is still in the pilot phase, if not completely inactive. • Utilization of external environmental impact assessors as foreseen by Law 4014/2011. • Extension of Law No. 4442/2016 for operating licensing following a "Declaration of Conformity" for all economic activities. **One stop shop licensing** • "All-in-One Permit" by a "One-stop-shop". • Central licensing authority for major projects and crucial sectors • Central facilitating committee, which coordinates and accelerates the licensing process as per binding timetables for all public authorities involved. Interested parties could possibly appeal against delaying authorities to KESPA / PESPA, however, KESPA should meet regularly to issue the relevant decisions ("acts"). **Alignment with EU practices classifying environmental impacts and removing categorization based on nuisance.** • Re-evaluation of the categorization of projects and activities as per their environmental impact in accordance with EU practices. Reassessment of the classification of MD37674 / 16 (as is today) in accordance with the provisions of Directive 2011/92 /EU, since in many cases Greece appears to apply stricter limits than those required by the Directive. • Parallel (rather than sequential) implementation of "environmental" and "spatial / urban planning" oversight (to the maximum extent permitted), aiming at reducing licensing delays.	Toolkit III.1.2 III.1.3 III.1.4 III.1.5	

Investment Reform Program

Tax incentives for investments

The situation today

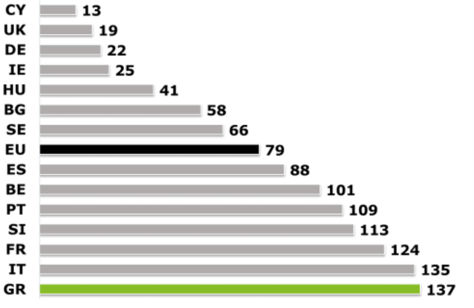
- Unstable tax framework, time-consuming audit and tax refund procedures.
- Over-taxation negatively affects the country's image as an investment destination (74% more than the EU based on WEF rankings).
- In Greece, 52% of income are spent on taxes and social security contributions, compared with 33% in the EU. (Source: OECD)
- The informal economy is estimated at 6% -9% of GDP.
- Absence of horizontal investment incentives.
- Time-consuming and bureaucratic procedures in state aid schemes.

Indicative examples

- 25 tax laws and more than 100 circulars since 2011.
- In the US, 10 tax bills have come into force since their founding. In Greece, 250 tax laws have been voted since 1975.
- In addition to the special taxes on wine, coffee, telecommunications, PCs, the special 0,6% levy on foreign bank loan agreements, the 2,4% stamp on non-bank loan contracts and the 1% tax on equity raising are examples of over-taxation.
- The lack of a clear interpretation of tax provisions is evidenced by court decisions in cases where companies under tax audits have appealed to the courts and eventually been justified.

WEF Ranking 2017-18

Tax impact on investments
Pillar: Goods market efficiency – "Effect of taxation on incentives to invest"



EU ranking: median
2016 data

Investment Reform Target :

➢ **30%** corporate tax reduction (directly or indirectly) for new investments and simplification of tax procedures.

Proposals based on Deloitte's investment toolkit for SEV

Investment reform program	Reference	Good practices
Tax predictability and defined dates of implementation. New tax legislation comes into force twice a year on specific dates only (e.g. April and October).	Toolkit I.1	
Aligning tax regulation with the EU. • **Fighting tax evasion and tax avoidance.** Reduction of rates by broadening the tax base through: transnational agreements for the automatic exchange of tax information, improvement of tax collection mechanisms, implementation of B2B electronic transactions (based on 214/55/ EU and CEN/TC/434) linking invoices to documents, upgrading data interchange systems, speeding up tax disputes' settlement. The AUEB analysis for SEV shows that e-commerce can provide significant benefits including a 15% reduction in operational cost of order management, up to € 1.4 billion from universal use in the private sector, 80% reduction or elimination of cases of false tax statements, up to € 200 million increase in public revenues from the reduction of smuggling. • **Offsetting future profits** with carried forward losses from previous years ideally without a time limitation. Alternatively, carry forward losses for at least 12 years, with a yearly limit of 70% of taxable profits. • **Tax Audit Techniques:** Tax audits to eliminate the subjective assessment of issues such as "spending productivity" and Transfer Pricing. Wide use and incentives for the Tax Certificate. • **A drastic reduction in fees and stamp duties.** • **A single tax portfolio for directly offsetting** all forms of tax and duties debit / credit (including VAT). Even if not always fiscally feasible, direct offsetting can be effectuated through tax credits.	Toolkit I.1 IV.4 V.3 V.4 V.5 V.6	 Implementation in EU countries
Horizontal investment incentives for industrial technologies and equipment • **Accelerated Depreciations:** New investments are depreciated at an accelerated rate defined by the tax authorities in advance. The taxpayer may elect to use the incentive. It is applied to CAPEX invested within five years across all sectors. Only profitable businesses can ap ply and the benefit is limited to 50% of taxable profits for fiscal reasons. • **Super-depreciation 200%:** New investments receive tax super-deduction equal to double of their the annual depreciation cost, without changing the duration of depreciation. The taxpayer may elect to use the incentive. It is applied to CAPEX invested within fi ve years in industrial and technological equipment across all sectors. The benefit is limited to 50% of taxable profits for fiscal reason s • **Reduction of the cost of capital accumulation / equity** for investments and corporate participations. Annual tax relief related to notional interest rate on new investment capital.	Toolkit I.2 IV.4	 Implementation in EU countries
Horizontal incentives for investment in construction / new permits. New buildings benefit from tax exemptions for fifteen fiscal years. Specifically: discharge from ENFIA, drastic reduction of the transfer tax, exemption of inheritance tax.	SEV analysis	
Nonrefundable state aid with minimum controls • **Tax credits instead of grants** • **Nonrefundable grants.** NSRF is given in the form of interest-free loans. If investment is delayed, the aid rate is reduced. Conversely, when the performance targets are met, up to 50% of the loan is not reimbursed. • **Simple procedures.** Certified external auditors to perform state aid audits (including statutory auditors) under Directive 2006/43 / EC. Incorporation of tax incentives without ex-ante approvals, audit with ex-post tax controls.	Toolkit IV.3 IV.6 V.3	 Implementation in EU countries

Investment Reform Program

Innovation & Clusters

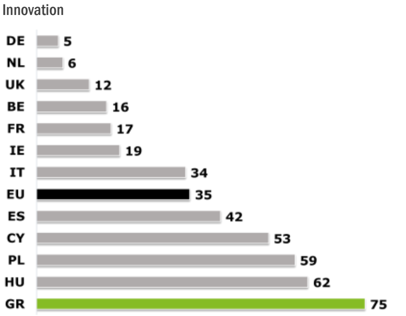
The situation today

- 1% of GDP in research: enterprises: 0,43%, public sector: 0,25%, Universities: 0,32%, private non-profit institutions: 0,01% (Source: National Accounts).
- 6,000 researchers, 1,500 research teams, 200 labs, high participation in Horizon 2020, but only 40 patent entries. (Source: AUEB).
- Limited range of incentives given to investments that transform innovation into marketable products.

Indicative examples

- Patent Applications: Greece 606, Spain 2,745. Entries: Greece 40, Finland 1,000 per year.
- In 2010-2017, only three companies were subject to the tax incentive.
- Only 1 ‰ of the newly established businesses is of high impact in the economy, while in Israel it is 1% and in the US 1 out of 12 newly established businesses.

WEF Ranking 2017-18



EU ranking: median
2016 data

Investment Reform Target :

➤ **Doubling** private investment in innovation by 2023.

Proposals based on Deloitte's investment toolkit for SEV

Investment reform program	Reference	Good practices
Strengthening horizontal tax measures • **Patent (IP) box.** reduction of the tax rate to 10% for revenues from IP (including patents), compliant with the OECD Guidelines (BEPS action 5). • **R&D expenditure tax superdeduction** at 150% and 200% for Startups, based on the European Commission's proposal for CCCTB. Understanding by the public administration that horizontal tax measures relating to the accounting practice (eg R&D superdeductions) do not constitute state aid but horizontal tax measures, so that exhaustive state aid control procedures may not apply, but a tax compliance procedure may apply instead.	Toolkit V.1 V.2	
Innovation clusters and ecosystems (complementary to the above) • **Innovation in the pharmaceutical industry and clinical studies.** Create a stable framework for pharmaceutical companies investment in research, intellectual property development and clinical studies. Providing tax incentives, faster approval procedures, access to research institutions, etc. • **Supporting Innovation clusters and ecosystems** in cutting-edge industries through "Sectoral Deals" to ensure competitiveness and sustainable innovation. • **Creation of innovation districts**, concentrated in a region, private & public research bodies, universities, businesses, etc. in order to create the appropriate synergies.	Toolkit II.2.1 II.2.2 II.2.3 II.2.4 II.3 II.5	
Incentives to attract and retain talent in research and innovation (e.g. attractive taxation, reduced insurance contributions, etc.)	Toolkit II.5	

Investment Reform Program

Industry's Digital Transformation (Industry 4.0)

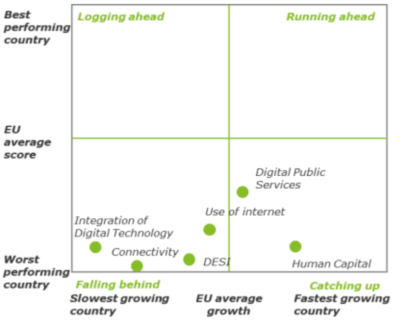
The situation today

- The Digital economy contributes 16.3% of Greek GDP versus 24.7% in the EU (Source: BSE Study for Digital Economy).
- Greece ranks 26th among 28 countries in the Digital Economy & Society Index (DESI) index.
- The adoption of new technologies in business and the transfer of technology from abroad is extremely low (EU median: 27th, Greece 50th in the index "WEF - Technological maturity"

Indicative examples

- 1.7% of large businesses' turnover derives from e-commerce in Greece versus 25% in the EU.
- 5.3% of SMEs buy and 6.1% sell products online in Greece, while this ratio is over three times higher in the EU.
- Particularly limited adoption and use of advanced digital communication services:
  - cloud services (6.5% of all enterprises vs. 20.5% in the EU)
  - e-invoicing (4.1% vs. 31.5% in the EU)
  - e-banking (21% versus 57%)
- R & D expenditure is 1% of GDP, compared with 2% in the EU-28 and 3.3% in Sweden (top performance)

DESI index



Greece's ranking in the individual dimensions of the DESI index (2017)

Investment Reform Target :

➢ **The digital economy should drive a GPD increase between 2.6 - 4% by 2021.** This increase in the digital economy's share of GDP will contain the brain drain through the creation of at least 50,000 jobs by 2021.

Proposals based on Deloitte's investment toolkit for SEV

Investment reform program	Reference	Good practices
Productive investment in new industrial technologies • **50% reduction** in the cost of smaller-scale investments to new technologies (up to € 100,000 per year) either through tax deductions or through the non-return of received capital by investment funds. • **200% hyper-depreciation for new fixed assets investments, equipment and digitally controlled machinery**. Italy's Industria 4.0 program is a prime example and includes: investment support measures budgeted approximately € 1 billion, over-depreciation of 140% (Super-Depreciation) and 250% (Hyper-Depreciation), annual increase of 11% (€ 9 billion) in private investment in categories such as advanced & additive manufacturing, augmented reality, large data analytics, industrial internet, cloud, cybersecurity, agrifood and bio-based economy in 2017.	Toolkit I.2 II.1 II.3 II.7 V.1 V.2	
Private expenditure on innovation, research and development (R & D) • **Tax Holiday:** A tax exemption equal to R&D expenditure for the first two years and a 50% exemption for the third, with the possibility of carrying losses of up to 10 years. • **Patent (IP) box: 10%** tax rate reduction for income deriving from IP (including patents) on the basis of the OECD Guidelines (BEPS action 5)		
Upgrading digital skills • **Developing Industry 4.0 skills** through vocational training • **15% funding of PhD theses** in Industry 4.0		
Developing open innovation and business and university interconnection • Creation of Competence centers and digital innovation hubs to establish cooperative relationships between universities, established and newly established high technology companies		

Investment Reform Program

Circular Economy

The situation today

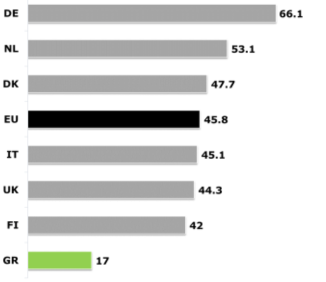
- Absence of circular economy models as a result of distortions or inadequate adaptation of the legislative framework
- Cultural unawareness by citizens and enterprises of the circular economy
- Significant under-utilization of waste, and especially urban waste, bio-waste and waste from construction and demolition excavation.
- Failure to make use of the European framework for Green Public Procurement aimed to create a market
- Lack of investment financing criteria, for example in Law 4399/16.

Indicative examples

- Urban waste recovery is 17%, compared to an average of 46% in the EU (2016). Respectively, bio-waste in the country employs 17kg per inhabitant, with an average of 80kg in the EU (Source: Eurostat)
- Limited application of a regulatory framework, Advisory Committee deciding on By-Products and declassifications of waste and the postponements in enforcement of the special landfill tax, provided for in L.4042 / 12
- Time-consuming decision-making procedures for environmental conditions approval.

Rate of Municipal Waste Recycling

Eurostat, 2016



Eurostat, facts 2016

Proposals based on Deloitte's investment toolkit for SEV

Proposals for SEV's investment reform	Reference	Good practices
Formation of participatory governance model for planning and implementation of actions at the level of strategic and sectoral actions • Strategic actions: structural interventions that promote the principles of the circular economy • Group actions: targeted interventions in value chains with a significant contribution to the cyclical economy and local initiatives - emphasis on information	Toolkit II.2.4	
Utilization of the financial framework, development of corresponding financial tools to investors		
Alignment, amendment and implementation of a legislative framework to facilitate the achievement of national targets through the circular economy.		
Establishment of quality standards for secondary raw materials and secondary fuels to ensure that they are used by businesses.		

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