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Foreign Direct Investments in Greece During and After Crisis

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ABSTRACT

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CHAPTER 1. INTRODUCTION

1.1 Main Purpose

The main purpose of the current dissertation is the analysis, study and description of foreign direct investments and its specification in the case of Greece. This analysis includes the direction and development of foreign direct investments in the Greek state before and after the recent economic crisis of 2008. Moreover it includes a comparison between Greece and other countries in the field of foreign direct investments and it is ending with proposals for the perspectives of foreign direct investments in Greece. This is a study that is conducted through literature review, by presenting secondary data. This means that there is no primary quantitative or qualitative research made at the context of this dissertation.

1.2 Importance and Contribution to the Already Existing Knowledge

The modern world economy is characterized by the globalization of economic phenomena and relations through the intensification of international trade, the internationalization of production, the continuous growth of multinational enterprises and the increase of working capital of investments. Scientific discoveries and the rapid growth of technological progress pushed the revolution in the production process, transport, communication and evolved the field of businesses and markets with the internationalization of production and economic relations. This was achieved by increasing the mobility of capital.

After 1980, international economic integration was achieved with the advent of foreign direct investment and was an important factor in increasing domestic investment worldwide and increasing sales of subsidiaries of multinational companies, which were located outside their country of origin in international trade. The policy of multinational companies includes the search for resources and reduced production costs for maximum efficiency of invested funds. Depending on the cost and availability of inputs, they set up production stages or product varieties in different countries, where cheap labor, suitable infrastructure and external economies prevail, degrading conventional markets and international trade. In-house transactions of semi-finished products, resources and technological and business inputs of multinationals represent a high percentage of global exports, which are made by

multinationals and their subsidiaries. There is no doubt that developed countries are the source and destination of international investment flows. This explains the high levels of importance of the foreign direct investments in the economic growth and also dos this field of investigation and study, even more necessary. Especially, in the case of the Greek state, whose economic sector was negatively affected by the consequences of the recent economic crisis of 2008, foreign direct investments are even more necessary and crucial. Furthermore, we consider this specific subject as insufficiently investigated in the case of Greece, aligning it with its levels of importance. After the current study, the investigation and overall analysis of the Greek foreign direct investments will be covered even more and will partly fill the existing literature and research gap.

1.3 Brief Chapter Review

At the context of the second chapter of the current dissertation the theoretical framework of foreign direct investments is presented. More specifically, the definitions of investments and foreign direct investments are given and then, the types of investments and foreign direct investments, as well as its categories, follow. Afterwards, the contribution of foreign direct investments to economy's development takes place, together with the explanation of how the phenomenon of globalization affected them. Finally, there is a comparison between the foreign direct investments and the foreign portfolio investments, which are two contexts that they are usually complexed.

Chapter three follows, and it emphasizes on the case of Greece. More specifically, it analyzes the development of foreign direct investments in Greece, the outputs, their direction, and finally, it ends with a reference to Greece's foreign direct investments abroad.

Chapter four emphasizes on the economic crisis. More analytically, it begins with a general description and review of the recent crisis of 2008 and it is getting even more specific in the case of the Greek state and Greek economy and how they were affected by the negative consequences of the current financial crisis. Moreover, it refers to the consequences of that crisis on the foreign direct investments in Greece.

The fifth chapter presents the affection of foreign direct investments to the economic sector. More specifically, it describes the benefits that arise from foreign direct investments and the outputs of them for each state of origin.

The sixth chapter refers to the Greek legislative framework on the field of foreign direct investments and moreover, it mentions the measures and practices that are applicated by the Greek state and its authorities at the context of foreign direct investments. Moreover, there is a comparison between Greece and other countries.

Chapter seven includes a discussion, which arises by taking into consideration the above-mentioned information. The discussion includes the personal option of the writer and his proposals for the perspectives of foreign direct investments in Greece.

Finally, the last chapter presents the overall conclusions of the current dissertation and proposals for further research.

CHAPTER 2. THE THEORETICAL FRAMEWORK OF FOREIGN DIRECT INVESTMENTS

2.1 Definitions and Conceptual Approaches

2.1.1 Investments

In general, investment is an element of a country's economic prosperity and social development. In economics, investment is the formation of material capital and not other forms of investment, such as for example the purchase of a land or a stock exchange. Characteristic examples of investments in the economic sense are the construction of new factories, the purchase of new machinery, the increase of the producer's stocks (Popke, 2016). According to the financial concept:

- Investment (investment deed) is the exchange between present expenses for future income or the hope of obtaining greater benefits in the future due to uncertainty (Phillimore et al., 2017).
- Investment project is a complex activity undertaken by a business entity (investor) and requires a set of actions of allocation of scarce resources (costs) and decisions to create a new production unit or to expand an existing one in a selected position that has a certain time. and produces goods and services requested domestically or abroad (Kilic & Kaya, 2015).

The first definition refers to the realization of expenses by the enterprise - investment of funds in an economic unit (first phase of investment) and the second definition refers to the realization of income that will arise from the sale of goods produced during the production process of the economic unit (second phase of investment) (Dhamal et al., 2019).

A prerequisite for the financing of investment projects is the funds that come, either from the company's own funds, or from borrowing foreign capital through the banking system, seeking

capital increase through the process of issuing new shares by the company and listing them on the stock exchange. The investment in macroeconomic level includes the change of stocks, because when it is positive, there is an investment to buy its own products and not the cost of shares, land, bonds, etc. At the microeconomic level, investment is the conversion of cash into capital productive instruments (Trachanas, 1994, p. 431).

In addition, investments acquire interest in the narrow and broad sense. In the narrow sense of the term investment is called the commitment of capital of an entity to acquire assets, which are intended to remain in the business for a long time and are linked in the strict sense of the term, it means the acquisition of fixed assets, the granting of credit to customers and the creation of stock, as in semi-processed products and raw materials (Agapitos, 2004, p. 140).

The broad meaning of the term "investment" includes the commitment of capital of an entity to acquire assets (fixed and current), which are related to the smooth operation of the company. In this sense, investment also means the freezing of funds for the acquisition of securities, bank deposits during the smooth operation of the business (Artikis, 1999, p. 123).

2.1.2 Foreign Direct Investments

After 1980, international economic integration was achieved with the advent of foreign direct investment and was an important factor in increasing domestic investment worldwide and increasing sales of subsidiaries of multinational companies located outside their country of origin, in international trade. The policy of multinational companies includes the search for resources and reduced production costs for maximum efficiency of invested funds. Depending on the cost and availability of inputs, they set up production stages or product varieties in different countries, where cheap labor, suitable infrastructure and external economies prevail, degrading conventional markets and international trade. The intra-business transactions of semi-finished products, resources and technological and business inputs of the multinationals constitute 3/4 of the global exports made by multinationals and their subsidiaries. 1/3 are transactions of the international business network of multinationals, 2/3 are the in-house contracts of international payments and receipts of technological inputs. Developed countries are the source and destination of international investment flows (Kyrkilis, 2002, p. 14).

In general, there are three ways in which a multinational can conduct economic activity in a foreign country. The first is trade (direct and indirect) and trade either by exporting products from a foreign country or by exporting products to it. The other two ways are foreign direct investment and indirect investment or Investment Portfolio (Kyrkilis, 2002, p. 13). In the context of the current dissertation emphasis will be given to the field of foreign direct investments.

Foreign Direct Investment is the establishment of subsidiaries abroad, which are partly wholly owned by the parent company. It includes the transfer of discrete and complementary productive inputs. These inputs are either material, such as for example share capital, capital equipment, raw materials-semi-finished or intangible, as for example production organization know-how, quality control, ownership, marketing, etc., and they are necessary for the production process and marketing of the product (Busse & Hefeker, 2007).

The transfer of resources takes place without market intervention, i.e. a commercial transaction or a licensing – franchising agreement between two independent business entities, but between two companies that are related by ownership. Therefore, it takes the form of a commercial transaction or a licensing-franchising agreement but is made by the parent company to its subsidiaries which are jointly owned (Kyrkilis, 2002, p. 18).

The audit is carried out through majority or minority participation in the share capital of the subsidiary, to the extent that it is influenced by the parent company and the decision-making criteria of the subsidiary. Thus, the subsidiary is determined by the parent company in matters of strategic importance, such as investment policy, technology, relations with national governments, labor relations, etc. The holding of 25% of the share capital of the subsidiary is necessary for effective control (Kyrkilis, 2002, p. 18).

The audit is carried out either directly, as for example by the ownership of all or part of the share capital of a company established abroad, or indirectly by concluding purchase agreements between companies established in other countries, which do not require a percentage of ownership of each other or with a minority shareholding. parent company in the share capital of the subsidiary with licensing agreements (Kyrkilis, 2002, p. 19).

Foreign direct investment long-term presents and controls an entity of an economy - autonomous foreign investor or associate- with a domestic enterprise of another economy outside the home of the autonomous investor whether it is domestic or a subsidiary. Private

investors, institutional investors, private companies are the bodies of foreign direct investments (Melas, 1999, p. 135).

Foreign direct investments are controlled by foreign investors in the national economy, their size changes easily and decisions related to their development are made by factors outside the national economy. An alternative concept of foreign direct investments is their interpretation as capital transfer investments from one country to another with the aim of creating a new business or by acquiring part or all of the share capital of a company. The owner of the capital actively participates in its management and control (Harms & Ursprung, 2002).

The theory of foreign direct investments, in addition to the advantages it provides to the companies that choose it, also has some risks. Foreign direct investments, by transferring factors of production to a foreign country, are considered as a strategy of business expansion with the highest business risks (Han & Brewer, 1987).

Due to the stable and easily changing government policies pursued in foreign countries, but also the adverse changes in exchange rates, the foreign direct investments exposes the company to greater economic and political risks compared to other internationalization strategies, increasing the likelihood of international failure (Rasiah et al., 2010).

2.2 The Types of Investments

Investments are distinguished according to:

- The institution: creation of investment by public or private
- Their branch or sector of activity: investments of the primary, secondary and tertiary sector
- Purpose: investments for expansion, replacement of old equipment, modernization, prestige and social investments (Artikis, 1999, p. 125-132).

They are also distinguished in:

- Depreciable and non-depreciable investments: depreciation concept

- Productive and non-productive investments: depending on the economic development of the country
- With the time of construction and operation: depending on the duration of their first and second phase
- Short-term and Long-term: depending on the duration of their realization time, within one year or less than 5 years
- Incompatible or independent investments: according to the execution and realization of an investment plan
- Regular and strategically important investments: to maintain the position of the company and to achieve the maximum possible result
- Microeconomic and macroeconomic investments: business or national investments (Artikis, 1999, p. 125-132).

2.3 The Types of Foreign Direct Investments

At this point the definition of the types of foreign direct investments is taking place, based on their motivations, goals and area of direction.

Depending on their motivation, there are four main types of foreign direct investments:

A. Foreign direct investments to search of resources

Businesses that engage in foreign direct investments in search of wealth resources at a lower cost than in the country of origin. There are three main types of wealth resources:

a) Natural resources: This category includes ores such as oil, copper, bauxite and agricultural products, such as sugar, coffee or tea. They require high investment in infrastructure and are linked to the host country.

b) Cheap unskilled or partially skilled labor: Multinational companies in developed countries, where labor costs are high, are looking for developing countries with low labor force.

c) Technological and managerial skills: The following category of foreign direct investments includes companies in the service sector such as tourism, car rental, medical-educational services and are connected to the host country (Psycharis & Kokkinou, 2004, p. 35-36).

B. Foreign direct investments for market seeking

Foreign direct investments aim to produce products and services for the market of the host country and neighboring countries. Four incentives for this type of foreign direct investments are categorized:

a) Why the company's customers or suppliers are established in the target market, e.g. a bank will be established in markets where there are customers, a spare parts company will follow the corresponding car industry in its expansion.

b) Consumption patterns or production conditions are adapted to many products, e.g. food or advertising services.

c) Purchases through foreign direct investments are cost advantageous. Important markets are served by foreign direct investments and they are located at a distance from the country of origin because it is preferable to trade.

d) They are geographically located in countries, where competing companies of the same industry are located in order to gain a competitive advantage. Therefore, companies that carry out foreign direct investments are located in countries where their competitors are active (Psycharis & Kokkinou, 2004, p. 35-36).

C. Foreign direct investments for efficiency seeking

By securing the resources and markets they seek, multinational corporations organize their activities to make the best use of resources (Psycharis & Kokkinou, 2004, p. 35-36).

D. Foreign direct investments for search of strategic resources or capacity (Strategic asset seeking)

This type of foreign direct investments refers to multinational companies that aim at international competitiveness by acquiring the wealth resources of other companies, mainly in developed technological sectors. Depending on the direction, they are divided into internal and external:

1. Internal (domestic) foreign direct investments: They are taking place when a foreign capital is invested in domestic resources. Internal a foreign direct investment is supported by:

- Tax cuts, subsidies, low lending rates, benefits, lifting of restrictions

- Long-term profit implies short-term loss of income.

In contrast, domestic a foreign direct investment is limited by:

- Restrictions and limits of ownership

- Differential performance requirements (Psycharis & Kokkinou, 2004, p. 35-36).

2. External foreign direct investments: They are created when domestic capital is invested in external resources. This capital can be used to invest in imports and exports of a quantity of product coming from a foreign country. The parent company creates the offshore company in a country that has favorable government parameters such as taxation for the undertaking of foreign direct investments activities of the parent company by the foreign company with minimal taxation (tax havens). External foreign direct investments are supported by government risk insurance policy, while they are limited by:

- The tax incentives or disincentives of companies that invest outside the domestic economy or in repatriated profits.

- The substitutes of local companies.

- Government policies that support the nationalization of industries.

- Social groups supported by internal foreign direct investments or the state (Psycharis & Kokkinou, 2004, p. 35-36).

Depending on the objectives, the foreign direct investments are divided into:

1. Greenfield strategy for creation of new subsidiaries: It is the expansion of foreign direct investments to new facilities or to existing ones. They are the main goals of the host country because they create new productive opportunities, increase jobs, transfer new technologies - know-how to the host country and create links in the global market. Criticism of the effectiveness of these investments focuses on the loss of market share by domestic companies and profits return to the multinational country of origin.

2. Mergers and acquisitions: It is a primary type of foreign direct investments and is the transfer of existing assets from local domestic companies to foreign ones. Overseas mergers occur when assets and operations are merged. Acquisitions occur when the control of the assets and the operation of the companies is transferred from a domestic company to a foreign one, with the result that the domestic company is a subsidiary of the foreign one. Unlike investments in infrastructure, they do not provide any long-term benefits to the local economy.

3. Horizontal foreign direct investments: It is the investment in the same industry abroad of a company that operates domestically.

4. Vertical foreign direct investments: They are divided into backward vertical foreign direct investments, when a foreign industry supplies inputs to a domestic company for the production process, and forward vertical foreign direct investments, when a foreign industry sells the outputs of a domestic company (Psycharis & Kokkinou, 2004, p. 35-36).

2.4 The Categories of Foreign Direct Investments

The main categories of foreign direct investments, as they are mentioned by Chatzidimitiou (2003, p. 217-218) are the following ones:

A. Wholly-Owned Subsidiary

In this form the company establishes in a foreign country a new company of which it is the sole shareholder and it has sole responsibility for its management. The subsidiary can be a completely new company -Greenfield strategy- or an existing local company -acquisition strategy- that has acquired a large percentage of share capital or all and allows it to control its management. The advantages of this form of foreign direct investments for the parent company are that it maintains absolute administrative control of the new company, that the total profits of the subsidiary are reaped, that it acquires a strategic advantage in its efforts to expand productive and commercial activities in new markets located in new geographical areas. Some more benefits are that by increasing the total production volume of the group, economies of scale are achieved, the improvement of the parent position in the world market

and the acquisition of a subsidiary in a specific or similar production sector, increases its share of control in the global market and is a key goal of new entrant multinationals. On the contrary, the disadvantages are that the parent company bears the total financial cost and assumes all business risks and that the new company is described as "foreign" and predisposes public opinion, government and public services (Li et al., 2017).

B. Inter international joint venture

It is the result of the cooperation of one or more foreign companies with one or more local companies for the creation of a new or for the acquisition of a local company. It has the following advantages: The foreign company acquires a local partner who knows the local market, its particularities and the company share the business risk and the cost of the project. Also, the legislation of many countries gives financial incentives to consortia. Moreover, it reduces the risk of nationalization and it offers an expansion of financial capacity. Furthermore, it helps improving the company's position in the global market, the reduce of competition between them, address common risk, prevent a new competitor in the market and the synergy of partners. The main disadvantages of conducting foreign direct investments through consortia are that it does not have the absolute control of the administration and cannot carry out strategic planning and that the risk of failure to achieve goals and premature dissolution (Siripaisalpipat & Hoshino, 2000).

C. Partial acquisition

The company acquires part of the share capital of the local company. Many times, it is reciprocal with exchange of shares, technology and know-how, product purchase agreements, etc. The partial acquisition of foreign direct investments undertaken by foreign investors is widespread because it combines advantages of the above forms with minimal disadvantages (Contractor et al., 2014).

2.5 The Contribution of Foreign Direct Investments to Economy's Development

The main benefits that economies derive from foreign direct investments can be divided into four categories:

The first category refers to the increase in GDP growth rate. Through the foreign direct investments, the growth rates of the economies are increasing. This is achieved by increasing the production of goods and services, which has the effect of stimulating the real economy and the purchasing power of society. Thus, through the stimulation of consumption, income and added value are created (Nistor, 2014).

The second category concerns the improvement of the competitiveness deficit. By attracting foreign direct investments, the competitive structures of an economy are shielded, as long as they are accompanied by structural changes that will ensure long-term foreign direct investments and their impact on the Greek economy, maintaining the high growth rate. Thus, through this improvement, exports are increased as well as the attraction of foreign investments (Zhang, 2015).

The third category has to do with reducing the unemployment rate. The main benefit, however, is that through a successful foreign direct investments policy, unemployment is reduced. This is easy to understand as the creation of new businesses automatically increases the supply of labor. Of course, reducing unemployment in addition to economic indicators and improving the statistics of an economy has a key impact on society itself, as it increases the purchasing power of citizens thus helping the well-being of society as a whole (Hisarciklilar et al., 2014).

Finally, the fourth category refers to the improvement of trade relations. In particular, the trade relations of an economy are rapidly improving as it acquires economic transactions with other countries, resulting in an increase in both exports and imports (Busse et al., 2016).

2.6 How Globalization Affected Foreign Direct Investments

The expansion of activities and investment programs of large companies (MNEs) is carried out with the investment of foreign direct investments, in countries that meet the conditions for their creation-completion (Mpitzenis, 2003, p. 201).

In a country’s economy, in order to attract foreign direct investments inflows, it is necessary to have the participation of foreign multinationals, large foreign direct investments and trade

inputs in the host country, in order to benefit from globalization. Large companies decide which countries benefit from this phenomenon and which will participate in achieving their goals. They invest in specific countries that offer investment opportunities and are potential recipients (Mpitzenis, 2003, p. 201-203).

In addition, smaller, economically sized large companies operate in neighboring countries to maximize their profits and minimize their costs. The share of foreign direct investments varies from country to country and inflows to less developed countries show little or no increase. There is a trend of flows regionally and not globally and few countries live from foreign direct investments inflows (Balkans) (Mpitzenis, 2003, p. 201-203).

2.7 Comparison of Foreign Direct Investments and Foreign Portfolio Investments

Portfolio investments take the form of lending abroad, either holding shares of companies listed on foreign stock exchanges or short-term foreign currency bank placements with the aim of exploiting different yields between foreign countries capital transfer, that allows the investor to participate in the income, i.e. the profits of the company. Foreign direct investment stands out from portfolio investments because they differ in terms of the investor's intention and in terms of the percentage of financial participation in the company (Kyrkilis, 2002, p.17).

In particular, in portfolio investment the investment goal is short-term and aims at the rapid capital increase of the investor. It does not hold large percentages of ownership and management rights of the company, nor does it acquire the right to vote in order to contribute to the financial events of the company. On the contrary, in the Foreign direct investment, expanding market share, reducing competition, strategic alliance and increasing profit are important parameters (Kyrkilis, 2002, p.17).

Regarding the percentage of financial participation in the company, the percentages differ from country to country, due to different legislation to qualify the investment as foreign direct investment or portfolio investment. For example, under US and most Balkan law, an investment with an acquisition of more than 10% of the total share capital is considered a

foreign direct investment, while an acquisition of less than 10% of the total share capital is considered a portfolio investment. an investment of more than 25% (Mpitzenis, 2003, p. 179).

By investment portfolio we mean a set of assets, in the form of a collective investment, consisting of one or more categories of investment placements in capital market or money market products. Each of these products participates in a certain proportion. This ratio is determined based on the value of each bond in relation to the total value of the portfolio. The portfolio investment account in the euro area includes: i) equity securities and ii) debt securities in the form of bonds and bills and money market instruments, provided that they do not fall into the category of direct investments or foreign reserves. Financial derivatives, as well as repurchase agreements and bond loans, are excluded from portfolio investments. Investment options for portfolio formation are the commitment of capital in shares, bonds, bonds, interest-bearing bills, bank deposits, commodities, foreign exchange, mutual funds and derivatives (Kotzamanis, 1999, p.9).

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CHAPTER 3. THE CASE OF GREECE

3.1 Prologue

Foreign Direct Investment is an interrelated element of multinational companies. In fact, companies have used the foreign direct investments globally to enter new markets, as they avoid obstacles to international trade practices restricting imports and other measures aimed at restricting imports, mainly of underdeveloped and developing economies. If the host country of the company is a developed economy, the multinationals through the foreign direct investments improve their production structure and maximize their profits by taking advantage of the existing upgraded skills of the workforce and the good technological infrastructure (Saidi et al., 2020).

The most important concerns for researchers are whether and to what extent there is a relationship between foreign direct investments and the economic development of the countries involved. The benefits of foreign direct investments specifically for the host country can be divided into direct and indirect. These include the inflow of foreign capital, the inflow of new technologies, new jobs, trade related to the foreign direct investments, i.e. factors that lead to the improvement of the productive structures of the host country and an increase in the capital stock. Also, immediate benefits are higher wages for the domestic workforce, lower prices for consumers due to increased domestic competitiveness and higher tax revenues in cases where multinational companies are taxed like domestic companies and do not enjoy special treatment status (Gaur et al., 2018).

3.2 Outputs Analysis of Foreign Direct Investments in Greece

Regarding foreign direct investments outflows, Greece shows a more positive trend in relation to inflows. Greece is the most developed country in south-eastern Europe. Moreover, until recently, it was the only EU member state in the southern Balkans. These two qualities

provided her with a significant competitive advantage, which allowed her to play an important role in the Balkans (Tsitouras et al., 2020).

During the last ten years, an unprecedented wave of Greek business activity has been created, in trade and abroad foreign direct investments, to the countries of Central, Eastern and Southeastern Europe, as well as to the countries of the Black Sea basin, as Greece is the most economically advanced country in these areas. An increasing number of Greek companies have gained in recent years specialized advantages in the forms of patents, technology, etc., which have allowed them to upgrade their operations and enhance their productivity (Aydin, 2009; Salavrakos & Petrochilos, 2003).

In addition, the rapid changes that took place with the end of the Cold War and the break-up of the former Soviet Union helped to create the conditions that allowed the free business system to expand its influence in all of these economies. In addition, the peoples and governments of the countries of Southeastern Europe and the Black Sea welcomed the Greek presence and saw it as a useful tool, which leads to the achievement of their goals for a convergence of their economies with those of the western countries (Salavrakos & Petrochilos, 2003; Tsitouras et al., 2020).

To date, more than 3,500 companies of Greek interest have expanded their operations in the Balkans, with investments of more than $ 6 billion over the last decade. The main host countries of Greek foreign direct investments outflows are Romania, Bulgaria, Albania and Skopje. There are also significant investments in the US and Egypt (Bastian, 2004).

3.3 The Direction of Foreign Direct Investments in Greece

Despite the intense economic crisis that Greece is facing since 2010, the country's performance in attracting foreign investment was quite satisfactory in 2016, with total (gross) capital inflows in the country amounting to 3.5 billion Euros, while net inflows reached 2.8 billion euros. At the following diagram, the foreign direct investments outputs of Greece are showed for the period 2006-2016.

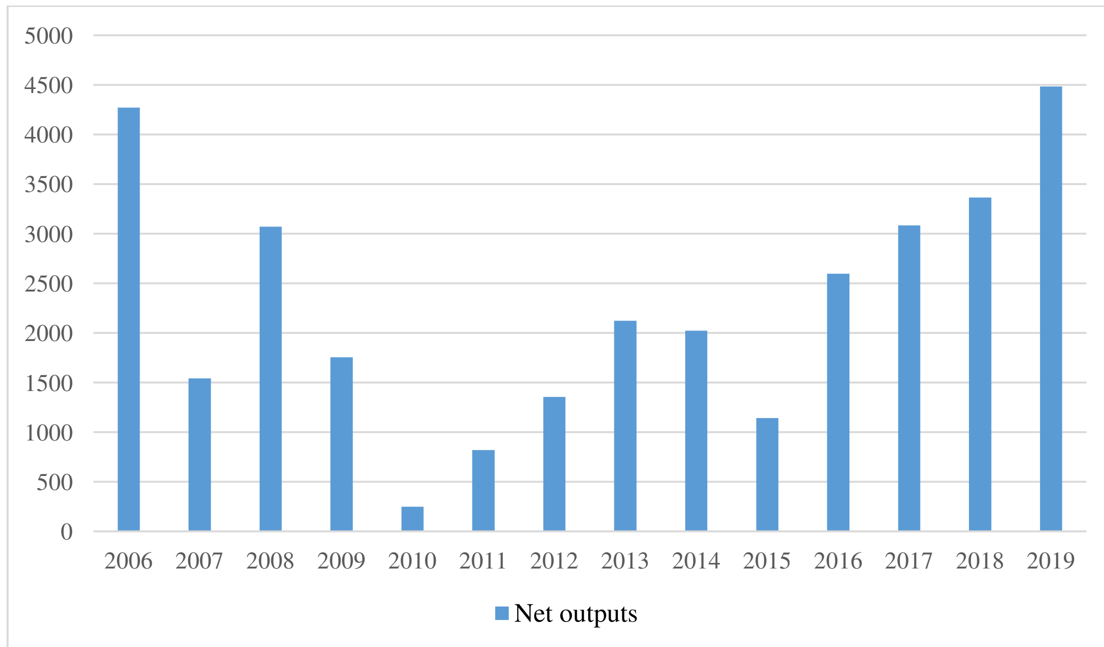


Diagram 1. FDI inflows to Greece during the period 2006-2019 (in millions of euros) ()

The basic features that are excluded by Diagram 1 are the following ones:

- Total (gross) inflows of foreign investment capital, which in essence reflect the real performance of the country in attracting investment, recorded in 2014 a decrease compared to 2013, by 35.3%. However, compared to the year 2012, they remain increased by 11.9%.
- Net inflows of foreign investment capital in the same year decreased compared to 2013, of 40.7%, but remain at about the same level as in 2012.
- The difference between total and net foreign direct investments inflows in Greece in 2014 was mainly related to loan repayments to parent companies and secondarily to capital outflows for acquisitions and mergers abroad from foreign companies operating in the country.
- The rapid promotion of reforms and the reduction of producer prices, which resulted in the economic crisis in the country, create significant investment opportunities. The planned utilization of public property as well as natural wealth (oil, natural gas) are expected to strengthen the investment framework of the country.
- The comparative advantages of the country (geopolitical, climatic, historical, etc.) that favor investments in many sectors were not affected by the economic crisis and are offered for exploitation.

The countries of origin of investment funds with the strongest investment presence in Greece in recent years include 'classic' countries that export capital, such as Germany, France, the United Kingdom, Luxembourg and the Netherlands, while Cyprus, the USA and Switzerland have a significant presence.

At the following diagram the Greece's total foreign direct investments inflows by country of origin of funds during the period 2003-2008 are presented in millions of euros.

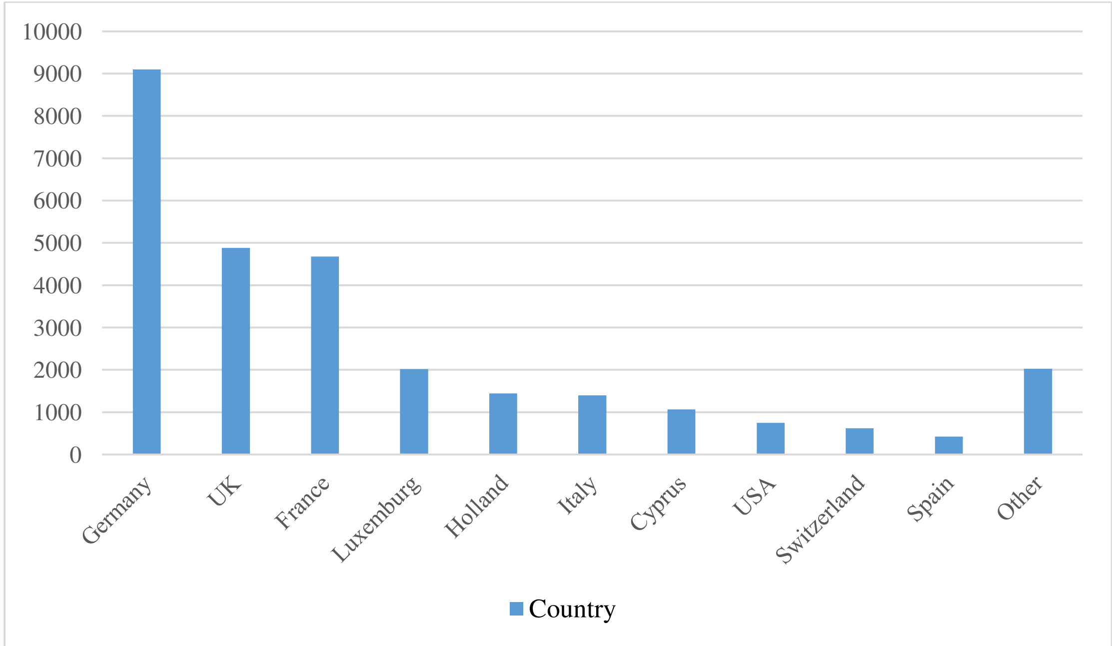


Diagram 2. Greece's Top FDI inflows by country of origin of funds during the period 2003-2008 (in millions of Euros) ()

At the following diagram the Greece's top foreign direct investments inflows by country of origin of funds during the period 2009-2014 are presented in millions of euros.

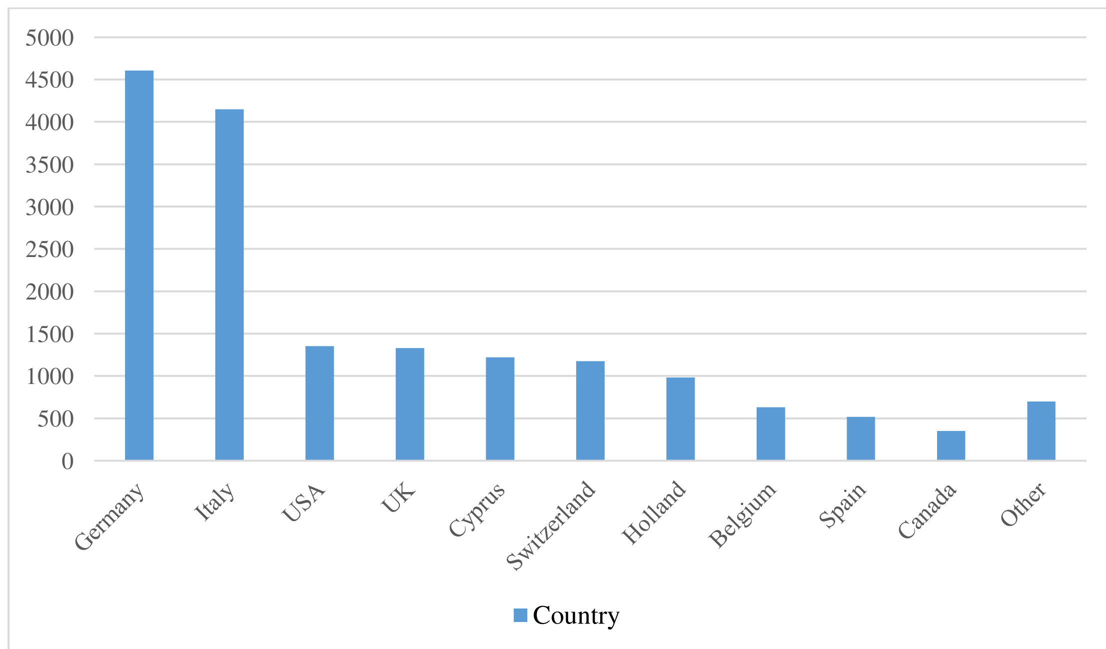
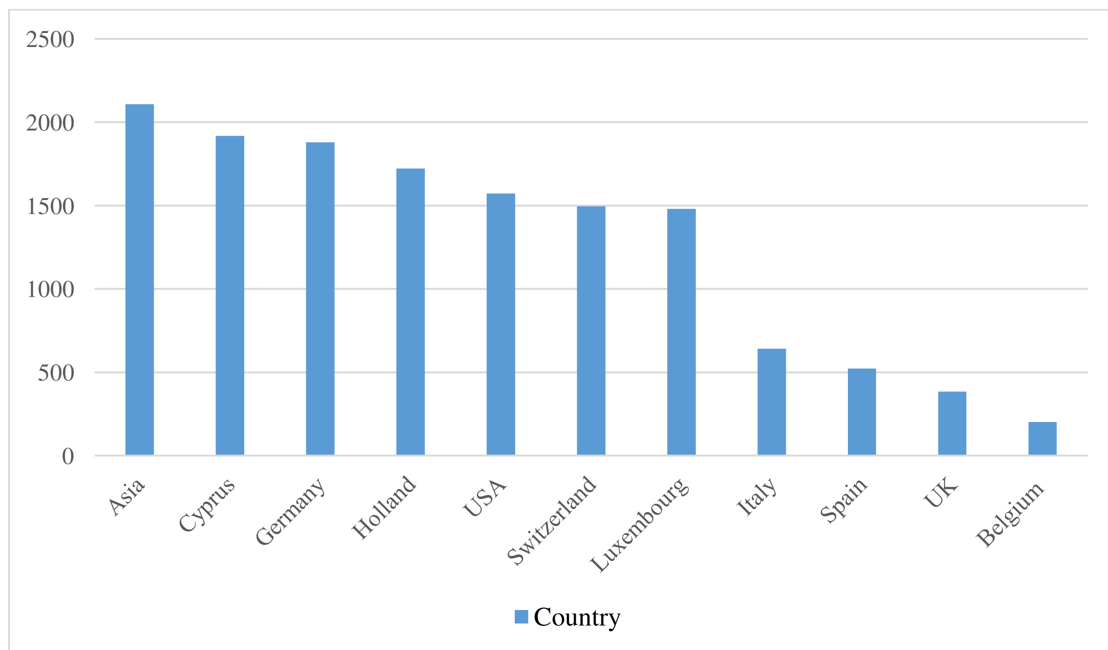


Diagram 3. Greece's Top FDI inflows by country of origin of funds during the period 2009-2014 (in millions of Euros) ()

At the following diagram the Greece's top foreign direct investments inflows by country of origin of funds during the period 2015-2019 are presented in millions of euros.



Basic features from Diagrams 2, 3 and 4:

- The investment activity in the country comes mainly from companies of important markets, such as the EU.
- There is a change in the main countries investing in Greece during the two periods under consideration. Germany remains the first country of origin of investment funds in Greece, both in the period 2005-2009 and in the period 2010-2015. During the first period 2005-2009, the second place in the countries that invested in Greece is occupied by United Kingdom and France third, but with a big difference with the percentage of Germany (mainly due to the investment of Deutche Telecom in Greek Communication Organization - OTE). In the second period, France is in second place with a small difference from Germany, followed by the United States (which has significantly increased its investment presence compared to the previous period), the United Kingdom, Cyprus and Switzerland. It is also observed that during the second period under review, due to the economic crisis facing Greece, the total size of foreign direct investments inflows is significantly smaller than that of the period 2005-2009 (reduced by 40.1%).
- There are promising prospects in the near future for attracting foreign direct investments from Russia and Eastern Europe, the Middle East, the Arab world and Asia, especially China, which are mainly interested in the fields of energy, telecommunications, tourism, transport and the supply chain.

The following diagram shows the Greece's total foreign direct investments inflows by country of origin of funds during the period 2005-2015, in millions of euros.

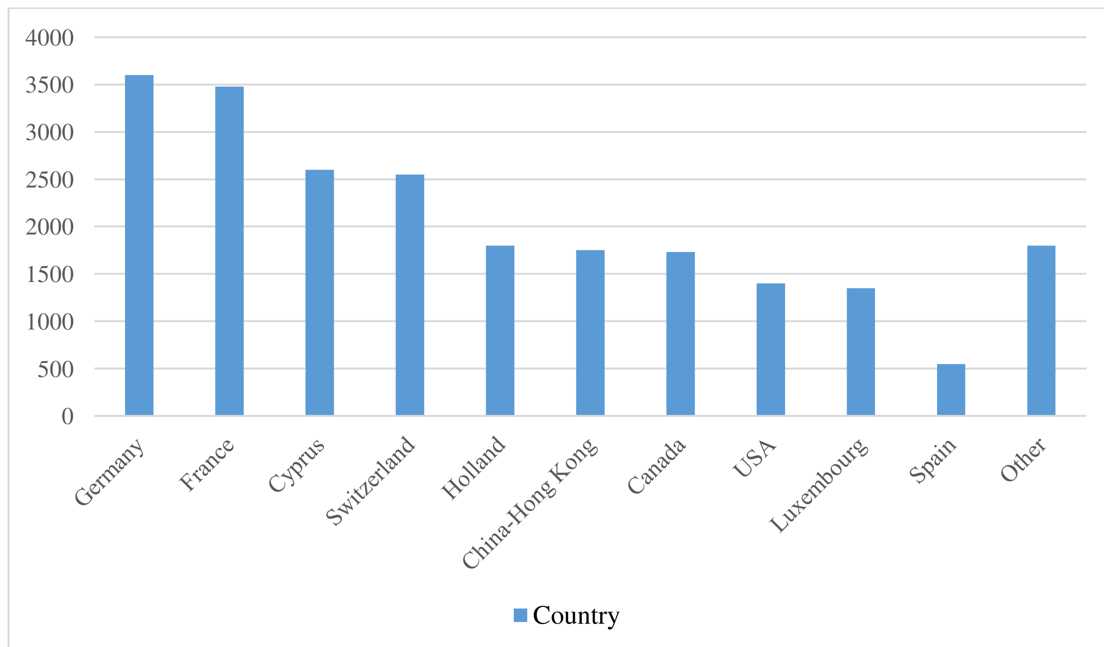


Diagram 4. Greece's Total FDI inflows per country of origin of funds during the period 2009-2019 (in millions of euros) ()

The investment activity in Greece comes mainly from companies of important markets, such as the EU. More specifically, Germany and France are the main countries of origin of foreign direct investment funds, according to the time period between the years of 2009-2019. Then, Cyprus and Switzerland follow. The top ten countries of foreign direct investments in Greece during the above-mentioned studied period of time, also, include countries from outside Europe, such as China, including the case of Hong Kong, Canada and USA, with these countries significantly increasing their investment presence in recent years.

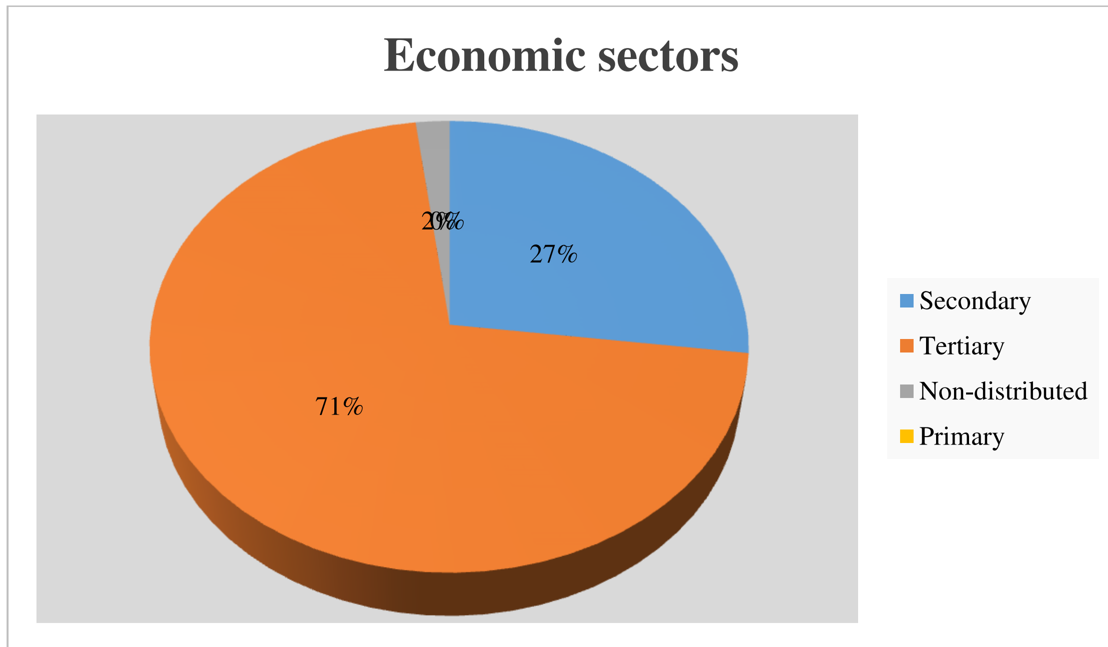


Diagram 5. Greece's Total FDI inflows by sector of economic activity during the period 2003-2008 ()

The following diagram shows the Greece's total foreign direct investments inflows by sector of economic activity during the period 2009-2019.

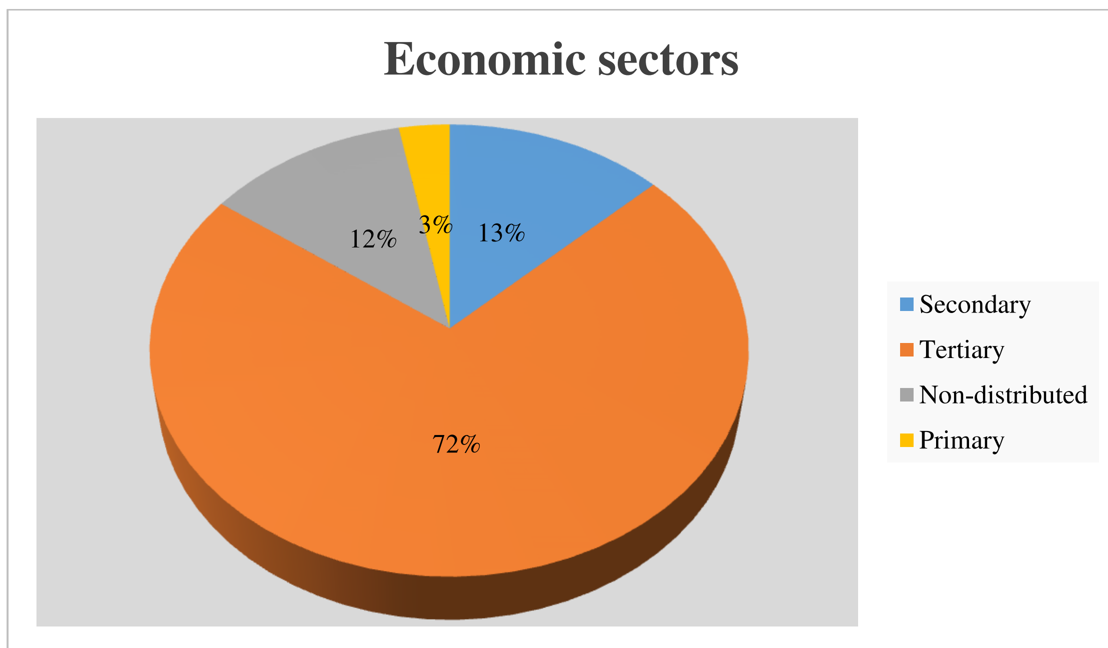


Diagram 6. Greece's Total FDI inflows by sector of economic activity during the period 2009-2014 ()

The basic features that have to be mentioned by Diagrams 5 and 6 are the following ones:

- Concentration of foreign direct investments in services. This trend was mainly dictated by the development of the country's financial system, the development of telecommunications, as well as the stimulation of trade.
- The percentage of the secondary sector is relatively low compared to the country's potential, which indicates significant investment margins. It is already observed that during the second period under review (2009-2014), the share of the secondary sector increased from 27% to 29%, so the crisis of this period strengthened investment in the secondary sector and slightly reduced those in the services sector.
- During the period of time between the years 2009-2019 a concentration of foreign direct investments in services is observed. It is about a fact, which is sourced by the development of Greece’s financial system, and also, by the increase of the levels of development of Greek telecommunications sector. Moreover, the stimulation of trade, especially before 2008, when the recent financial crisis hit Greece, while during the last decade there has been a concentration of investment in real estate management and storage activities and transport.
- The share of the secondary sector is relatively low compared to Greece’s potential. This fact shows indicates important and worth-observed investment margins. The same happens with the case of primary sector of the Greek state, in which small percentages of foreign direct investments are indicated.

3.3.1 Manufacturing Sector

The following diagram shows the direction of Greece’s manufacturing sub-sectors foreign direct investments during the years 2009-2019.

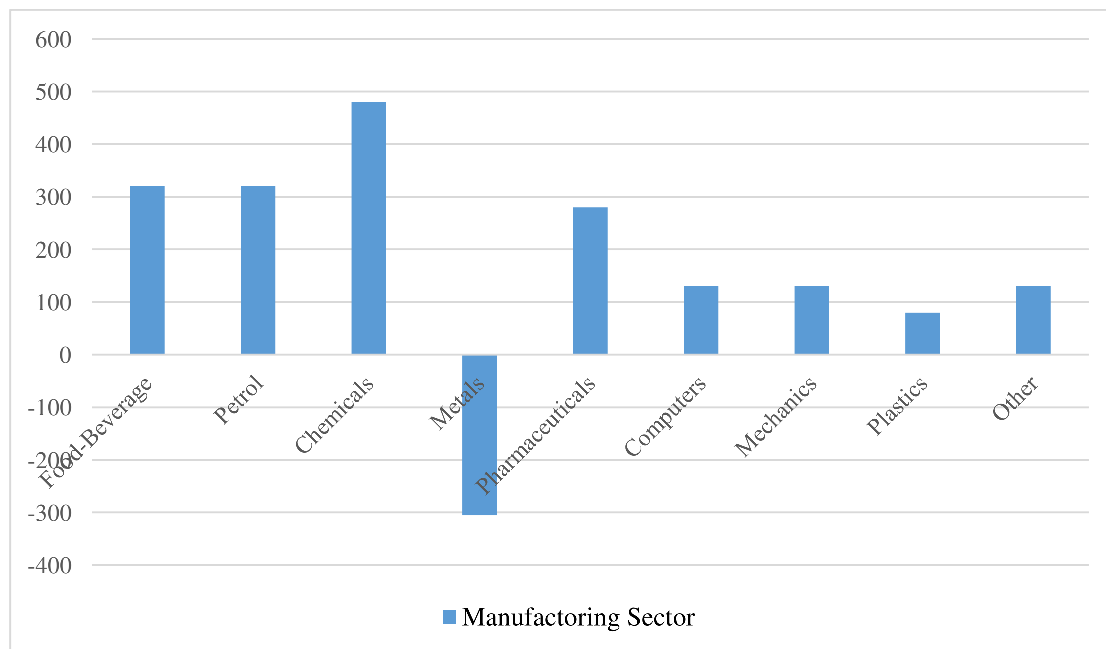


Diagram 7. Greece's Structure of net FDI inputs to manufacturing during the period 2009-2019 ()

The basic features that have to be mentioned according to the frame that is shaped by Diagram 7 are the following ones:

- The Greece's manufacturing sector which shows more investing interest during the years between 2009-2019 is chemicals, food and beverages and petroleums. Pharmaceuticals and plastics are following. It is about two manufacturing sub-sectors that show high levels of attraction of investing interest during the period between 2009-2019. Other industries that show significant levels of foreign direct investing activity, which is mirrored through the foreign direct investment inputs are machinery and computers.
- The concentration of corporate activity in the above sectors favors both the establishment of new companies -Greenfield investments- in the context of the Greek state, as well as the investment cooperation of foreign companies with Greek companies for the production of final products that will meet the needs of the domestic and international market.

3.3.2 Services Sector

The following diagram shows the direction of Greece's services sub-sectors foreign direct investments during the years 2009-2019.

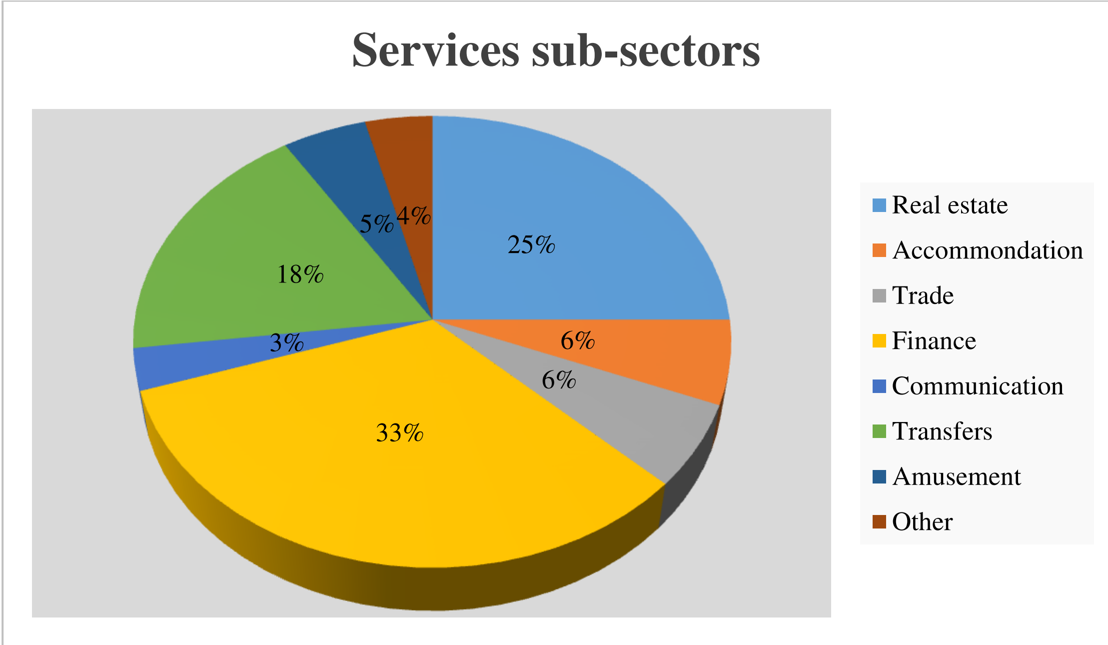


Diagram 8. Greece's Structure of net FDI inputs to manufacturing during the period 2009-2019
()

As it is observed, financial services attract the largest level of foreign direct investments in the case of the service's sector of the Greek state between the years 2009-2019. Afterwards, real estate follows and then, transfers. So, it is concluded that services sectors with significant investment interest during the period 2009-2019 include financial and insurance activities, property management and transportation. It is worth noting that the category of real estate management does not include the private purchases and sales of real estate, which reached 2,705 million euros in the period 2009-2019 (Enterprise Greece, 2021).

3.4 The Direction of Outputs of Foreign Direct Investments in Greece

3.5 The Greece's Foreign Direct Investments Abroad

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CHAPTER 4. THE ECONOMIC CRISIS

4.1 Prologue

According to Mei & Juo (2004), economic crisis means the phenomenon in which the economic sector of a state is led to a state of recession. In essence, this is a phenomenon on which there are sharp fluctuations in the economic activity of a state, while at the same time there is a downward trend which is characterized on the one hand by duration and on the other by stability. In the context of economic fluctuations, it means the fluctuations caused in the economic sector, through which it is possible to deepen the investment activity but also in the evolutionary course of the above-mentioned economic crisis. These fluctuations also become widely known as economic cycles. Based on relevant research, it has been shown that the phenomenon of economic crisis can be maintained between 7-11 years (Mei & Juo, 2004).

According to Kondratiev (1935) who developed the theory of the so-called long waves of the economic crisis, through the elaboration of chronological order, quantity and price of individual commodities, it has been argued that economies, in which the spirit of capitalism prevails are, may be faced with individual cyclical fluctuations characterized by their long-term time horizon. More specifically, these fluctuations can last between 45-55 years. He, however, proved that the duration of the ascent phase can be identified with the corresponding duration of the descent phase, while emphasizing the transnational character of both of the above-mentioned phases. For the sake of completeness, a relative diagram is presented in which a typical long wave is presented. In fact, within the following diagram, there are both the ascending phase of the wave and its descending phase (Tsoulfidis & Maniatis, 2002):

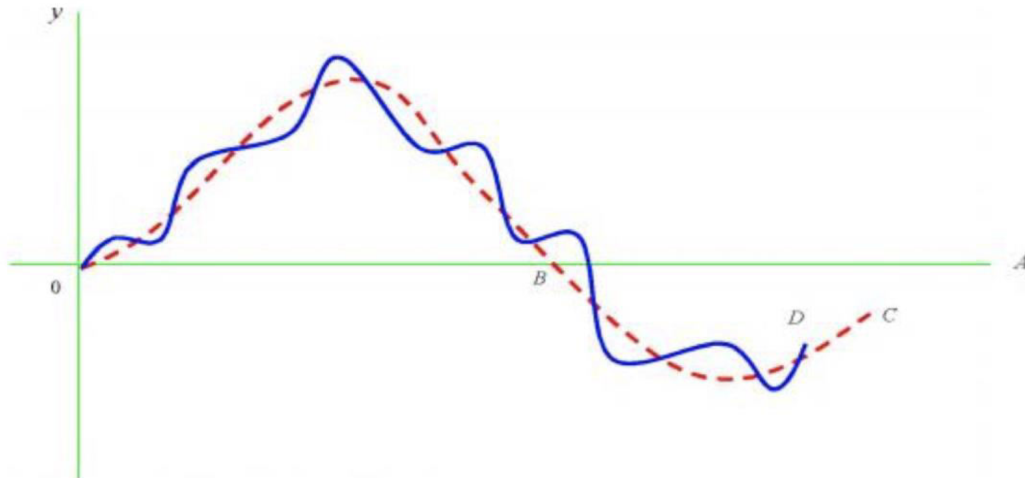

Diagram 9. Ideal Long Wave (Tsoulfidis & Maniatis, 2002)

At this point, the consequences of the financial crisis are considered remarkable, but they do not appear to the same extent in every case.

According to Hopwood (2009), the financial crisis causes the reduction of liquidity levels, increase of loan interest rates, contraction of the investment movement, maximization of the conditions of uncertainty for the near future, increase of the unemployment levels, decrease of the level of confidence to tax institutions, increase tax rates, reduce salaries and pensions, as part of the state's effort to maximize public revenues so that it can repay the loan funds it has received from its partners, reduce government level of competitiveness, as well as instability and uncertainty in the economic environment.

At this point, the main reasons that can lead a country, as happened in the case of Greece, to a state of economic crisis and economic recession are listed below:

- According to a relevant report of INE (2010), a particularly important role, in the case of Greece, was played by the expansion of mortgages which were accompanied by high levels of risk. More specifically, while in 2003 they ranged at levels of 9% of total mortgages, in 2007 this percentage rose to 24%. It is therefore understood that there was an unacceptable credit expansion which resulted in the lending of parts which, under realistic and rational conditions, should not have been lent.
- According to Elliot (2017) and Diamond & Rajan (2001) an additional factor, that is considered to be the main cause of economic crises, is the neoliberal strategy followed, which existed both in the case of the European Union and no financial

support was offered to the public sector. In other words, support for the public finances of the European Union and the euro area through borrowing from the European Central Bank and the simultaneous obligation of the respective governments of the individual Member States to lend exclusively to private banks was ruled out from the outset. as well as from the financial markets in general. This is a series of sub-movements which resulted in the maximization of the levels at which the lending rates fluctuated.

- Buszko (2018) and Tanzi (1998) argue that an additional and important cause of financial crises is the transfer of existing risk from the financial statements of financial institutions to their customers and investors through the securitization process. This was a transfer, which enabled the respective financial institutions to lend to borrowers, who were deemed insolvent and then had the opportunity, through the above-mentioned tactic, to increase their liquidity which allowed them to without the required simultaneous subsistence of sufficient depositors, and hence deposit funds.
- Taylor (2013) argues that the introduction of the euro is seen as an additional cause of the recent economic crisis, as in the pre-economic era, the transfer of capital and general resources to countries that were considered faster was greatly facilitated, which resulted in a rebalancing of the balance of payments of that country. It was therefore possible for individual European countries, including Greece, to hold deficits in their current account balances, which ceased to apply during the post-economic crisis.
- According to Katsios (2006), existing political corruption is considered as an additional cause of the economic crisis both in our country and in other European countries, in combination with the lack of transparency in the individual transactions.
- Finally, an equally important cause of the economic crisis is the intense existence of economic corruption phenomena, such as for example the phenomena of tax evasion and tax avoidance (Rapanos, 2009).

4.2 Brief Historical Review of the Economic Crisis of 2008

The recent economic and financial crisis came from the United States of America and its starting year is set at 2007. Until 2009 it managed to spread both in Greece and within the European Union, causing a series of individual adverse consequences. However, this is a period, in which the general public did not realize the importance of the current situation, nor did they anticipate the global nature of this economic and financial crisis which, in addition, caused a number of significant deficits and debts in a variety of countries, including our country (Varoufakis et al., 2011).

The economic downturn initially started during the first quarter of 2008 and lasted until the last quarter of 2009. Between the second half of 2010 and 2011, a second wave of economic downturn was recorded within the European Union (Crescenzi et.al., 2016).

According to Martin (2010), while this economic and financial crisis had had a strong impact on the vast majority of EU Member States, its size and intensity were marked by significant inequality within Europe and its long-term consequences. most likely characterized by the same inhomogeneity.

This economic and financial crisis is, for most European countries, a private debt crisis that has rapidly transformed into a form of public debt crisis, as supported by the study of Milio et al. (2014). In fact, the researchers point out that the two different, but interrelated phases of this financial and economic crisis followed successive guiding paths, which on the one hand concerned the outbreak of the private debt crisis of 2008 and on the other hand the interest rate debt crisis uprising that occurred in 2010.

Martin et al. (2015) sought to explain and interpret the reasons behind the recent economic crisis, as well as to support and suggest the design and implementation of sound and strategically important policies in order to lead the victims to the contraction of this unfavorable outflow.

Both Martin et al. (2015) and Dawley et al. (2010), Fingleton et al. (2012) and Martin & Sunley (2014) relied on the concept of "regional resilience" as an important variable focused on the heterogeneous consequences of economic crises.

This resilience is widely described, but also in the context of these reported investigations, as the ability of a mechanism to absorb disturbances and reorganize while undergoing a reform regime to maintain essentially the same function, structure and feedback from which it was administered. and before the crisis (Hopkins, 2008).

A number of factors are directly linked to the ability of countries to withstand economic downturns. In particular, Martin & Sunley (2014) cite three key determinants: contextual, synthetic, and collective factors. The first category of actors concerns the way in which local and regional actors are within the framework of broader and multilevel institutions, national policies and international networks. Synthetic factors refer to the sectoral structure of local and regional economies. Finally, collective actors become intertwined with the characteristics and inherent relationships between local economic actors within the respective regional economy.

The global financial crisis of 2008 is considered to be the most severe economic recession since the Great Recession. On the one hand the intensity and size and on the other hand the geographical heterogeneity of its outflows have aroused growing interest in understanding how both local and regional economies respond to economic crises (Archibugi & Filippetti, 2011; Brakman et al., 2015; Fingleton et al., 2012; Groot et al., 2011; Hassink, 2010; Kitson et al., 2011; Lagravinese, 2015; Martin, 2010; Crescenzi et.al., 2016).

However, as argued by the research of Agder (2000), Dawley et al. (2010), Fingleton et al. (2012), Hopkins (2008), Martin & Sunley (2014), Martin et al., (2015) despite the growing attention paid to geographical criteria of the recent financial crisis of 2008 and the stability of individual countries following their boredom From this, the existing empirical evidence that exists between countries regarding the way in which pre-crisis conditions shape regional reactions during the economic downturn is still rare.

4.3 The Greece's Position During Economic Crisis of 2008

In the time frames of the last decade, the development course of the Greek state has been particularly encouraging. However, it was cut off during the year 2008, in which our country was hit, as mentioned above, by the current economic crisis. More specifically, during the year 2008 the GDP growth rate of the Greek state decreased by 2%, while during the past two years it was around 4.5% (Bank of Greece, 2014).

The current observed economic growth of Greece, which took place before the year 2008, was mainly due to the high levels of private consumption, which occurred due to the large credit

expansion, which existed due to the existence of a financial sector which if nothing else was characterized by stability. It is no coincidence that during the year 2008, in the context of which the current economic crisis leaked to the European Union, the banking sector of Greece was hit to a significantly lower degree compared to the banking sector of other member states of the European Union (Bank of Greece, 2014).

At this point, it is noteworthy that the excesses identified within the Greek state budget during 2006, combined with the urgent need for fiscal reform, resulted in a modest increase in public spending, at a rate of 0.6% compared to the year 2007, in which the corresponding percentage was 8.4%. In addition, during this period there was a contraction of imported goods and services, which led to the emergence of positive increases in the external sector of 0.85% (Bank of Greece, 2014).

Equally important was the reduction of gross fixed capital, which in 2008 decreased by 7.4%, at a time when in 2007 it had increased by 4.6 percentage points. This is a result which came from the contraction of investment activity in a number of sub-sectors of the Greek economy, such as the construction sector as well as the armaments sector. Equally significant decrease was observed in the context of the level of business and economic indicators, which caused a sharp decline in confidence in Greece, creating a difficult external environment and even more severe cessation of investment activity (Mitsakis, 2014).

It is noteworthy that in the year 2007, the exported services had increased by nine percentage points, while in the year 2008 this increase was reduced by five percentage points, which had a direct adverse effect on the country's shipping industry, mainly at the beginning of 2009 (Bank of Greece, 2014).

Nevertheless, during the year 2008, exports of goods increased by 3.7%. This is an increase justified on the altar of the half-oriented trend of exports to developed European countries. In this way, a deficit was caused on the current account balance of our country while at the same time there was a decrease in its GDP, which reached 13.8%, compared to 14.7% in which it fluctuated in the year 2007 (Bank of Greece, 2014).

Unemployment levels during this period had not changed significantly. In fact, the levels at which the salaries of the human resources fluctuated showed a decrease in the year 2008, compared to 2007. The increase in unemployment rates was felt during the year 2009, which reached a rate of 8.9%. At that time, there was a corresponding drop in inflationary pressures, which resulted in the expansion of the consumer price index, which increased by 1.2

percentage points, as well as a decrease in private consumption by 1.5% (Bank of Greece, 2014).

The reduced investment mobility was particularly intense within the private sector of the Greek state. In the context of the year 2010, Greece is degraded by the rating agencies, while at the same time the competent Greek government did not take the necessary measures to save the Greek economy in time, with the ultimate goal of restoring order and stability as soon as possible and as soon as possible. of the Greek market (Bank of Greece, 2014).

At the same time, the state budget was growing, reaching the limits of inflation, while at the same time both salaries and pensions were low. Following the submission of this budget, the adverse consequences followed in the context of Greece's creditworthiness, due to the fact that its downgrade by rating agencies became more intense. Particularly important is the fact that at the beginning of 2009, there was a sharp increase in spreads, exceeding 1000 points (Bank of Greece, 2014).

At the beginning of 2010, the Greek state was included in the Stability and Growth Program, under which the projected reduction of the public deficit by four percentage points and its further reduction by three additional percentage points, during the year 2011 was carried out. It is an objective which was set in the context of the implementation and observance of certain measures and regulations. A typical example of this is the increase in indirect taxation, such as VAT, as well as the cessation of recruitment. This is a rescue program approved by the European Commission in early 2010 (Naftemporiki, 2010).

Thus, during the year 2010, even more intense measures were taken by the competent Greek government, in the framework of which the further reductions of salaries and pensions as well as the reduction of public investments were introduced. More specifically, in January 2010 the first austerity measures were taken by the competent Greek government, and in March 2010, the second package of austerity measures was taken (Naftemporiki, 2010).

During the same year, and more specifically in April 2010, followed the announcement of the participation of the International Monetary Fund, as a supportive financial tool in the context of the rescue of our country. During the same month, our country was further downgraded by rating agencies, while Greek bonds were classified as Junks (Bank of Greece, 2014; Naftemporiki, 2010).

Following a series of individual negotiations on the terms of financing, the competent Greek government, on May 5, 2010, proceeded to the signing of the memorandum under which there was financial support for our country, which amounted to 80 billion euros from other European countries and 30 billion euros on the part of the International Monetary Fund (Naftemporiki, 2010).

In order to receive this financial support, Greece has become captive to the implementation of additional reform measures. This is the implementation of the third package of austerity measures. In fact, its quarterly evaluation by the rating agencies became mandatory, a fact which was deemed necessary in the context of the audit process of its financial situation (Naftemporiki, 2010).

In March 2011, an agreement was reached to reduce the borrowing rate by 1% and to extend the amortization period to 7.5 years. In June 2011, the so-called "Medium Term Fiscal Strategy Framework 2012-2015" was voted. In February 2012, Greece was introduced in the framework of the second memorandum on the Approval of the Draft Financial Facility Agreements between the European Financial Stability Facility (EFSF), the Hellenic Republic and the Bank of Greece, of Draft Memorandum of Understanding between the Hellenic Republic, the European Commission and the Bank of Greece and other urgent provisions for the reduction of public debt and the rescue of the national economy "following its commitment to take additional austerity measures (Filippidis, 2012).

In the context of the implementation of the memorandum, the economic policy pursued by our country was fully oriented towards its fiscal adjustment through the adoption of additional horizontal measures whose ultimate goal was to reduce the government deficit to an amount not exceeding three percentage points. up to the year 2014 (Bank of Greece, 2014).

The second elections, which were held in June 2012, were also considered crucial in the context of the escalation of the economic crisis in the Greek state. The reason is that in the context of their conduct, there was a fear of the exit of our country throughout the European territory. from the euro, a fact which would have a series of additional adverse consequences not only in Greece but also in the euro area, causing strong levels of instability (Kathimerini, 2012).

In November 2012, the new "Medium-Term Fiscal Strategy Framework 2013-2016" was voted, which provided for measures amounting to 18.9 billion euros, of which 9.4 billion euros related to the year 2013 (Filippidis, 2012).

In January 2015, Greece entered new elections, which is also an additional point in the context of the time horizon of its impact by the recent economic crisis. In July 2015, it came under the jurisdiction of the Greek people to decide in the context of an ongoing referendum whether or not the new austerity measures imposed by our European partners will be accepted. Typically, the text of the referendum was as follows:

"Should the draft agreement submitted by the European Commission, the European Central Bank and the International Monetary Fund to the eurogroup of 25.06.2015 and consist of two parts, which constitute their single proposal, be accepted? The first document is entitled "Reforms for the completion of the current program and beyond" and the second "Preliminary debt sustainability analysis" (Papantoniou, 2017).

This is a particularly crucial point in time due to the fact that following the so-called and general statements of France and Germany, this referendum concerned the stay or not of Greece from the eurozone (Spiegel, 2014).

In February 2016, the Greek government, in view of the new austerity measures, the implementation of which became mandatory, carried out an insurance reform, which provoked a multitude of reactions from both those employed in the agricultural sector and from the Greek sector in general. population, including the self-employed (Naftemporiki, 2016).

In January 2017, both the European Stability Mechanism (ESM) and the European Financial Stability Facility (EFSF) gave their approval to the regulations regarding the short-term debt relief measures of our country. In fact, these measures had already been approved by the Eurogroup at the end of 2016. This is a series of measures whose ultimate goal was to reduce the occurrence of the so-called interest rate risk within our country, following the change of a series debt interest rates, from fluctuating to fixed (Kontogiannis, 2017).

In July 2017, the European Commission's suggestion for the termination of our country's excessive deficit procedure is noted. The reason lies in the fact that the level of general government deficit had decreased to such an extent that it was below 3% of GDP (Athanassiou, 2017).

In July 2017, the Greek government issues for the first time since 2014, a five-year bond (Dokas, 2017).

In September 2017, the Council of Europe announces the end of the excessive deficit for our country (European Council, 2017).

4.4 Quantitative Data of How Economic Crisis of 2008 Affected Greek Economy

Within our country, especially during the modern era, there is a highly unstable economic and political environment, which is considered particularly aggravating for the overall picture of the socio-economic situation of our country. This is a very serious situation that has been observed in our country since the end of World War II.

Based on a relevant report of the European Commission, which was published at the end of 2016, the position of the Greek economy in a booming regime was set as a possible scenario. This is an event the achievement of which was timed in the year 2017 in the context of this report. However, economic growth was projected to be particularly low, mainly due to the delays that occurred after the second evaluation of the European Stability Mechanism program.

The recovery of the existing consumer and investment environment within our country is going to form the basis of its short-term economic recovery. For reasons of more complete understanding, the relevant table is given, on which the depiction of the economic climate indicators in both Greece and the euro area is shown. At this point, it should be clarified that the economic climate indicator is defined as the weighted sum of the Business Expectations Indices within a number of sub-sectors, such as industry, construction, retail, services and the consumer confidence index (IOBE, 2018).

	Mean									
	Min	Max	2001-2018	2012	2013	2014	2015	2016	2017	2018
EU-28	65,1 (Μαρ. 2009)	116,9 (Μάιος 2000)	99,7	90,1	94,8	104,2	105,8	105,3	111,1	111,9
EUROZONE	67,6 (Μαο. 2009)	118,6 (Μάιος 2000)	99,1	90,2	93,1	101,1	103,8	104,2	110,8	111,7
GREECE	74,9 (Μαρ. 2009)	120,5 (Ιούλ. 2000)	96,0	80,7	91,6	100,7	89,6	91,9	96,8	102,7

	2017											
	J	F	M	A	M	J	J	A	S	O	N	D
EU-28	108,0	108,4	108,6	110,0	109,2	110,7	111,6	111,4	112,4	113,6	113,7	115,1
EUROZONE	107,5	107,5	107,5	109,2	108,7	110,6	110,7	111,4	112,5	113,5	114,0	115,3
GREECE	95,3	93,1	93,6	95,2	93,4	94,2	98,4	99,2	100,8	98,5	98,6	101,3

	2018											
	J	F	M	A	M	J	J	A	S	O	N	D
EU-28	114,8	114,4	112,7	112,4	112,8	112,2	112,3	112,2	111,2	110,4	109,6	107,6
EUROZONE	114,9	114,3	112,8	112,7	112,5	112,3	112,1	111,6	110,9	109,7	109,5	107,3
GREECE	101,9	104,3	99,8	103,6	104,2	102,5	105,3	105,2	101,3	101,0	101,8	101,6

Table 1. Economic Climate Index of Greece and Eurozone (IOBE, 2018)

From the table given above, it appears that the European Commission expects an increase in our country's GDP which will be around 2.1% in 2017 and 2.5% in 2018. This is a forecast based on the unfavorable performance and the generally difficult situation that prevailed during the year 2016, in the context of which the confidence of both the consumer and the investment public of our country was significantly shaken.

If nothing else, private consumption is the main driver of GDP growth, while at the same time the improvement of the business development of our country is going to bring as a consequent consequence the strengthening of investments. In addition, it is predicted that both the Greek tourism sector and the export activity of our country will experience a particularly large boom in the coming years (IOBE, 2018).

Nevertheless, due to the ongoing economic recession in Greece, there are particularly high levels of unemployment, while at the same time a significant number of business units are led to the cessation of their business activity. At the same time, there are mass redundancies in the public sector, as well as mergers of public services.

More specifically, according to relevant data obtained from ELSTAT, in the framework of the year 2016, the unemployment rate in Greece reached 23.6%. This is a percentage that translates to 1,105,000 unemployed citizens. For reasons of more complete and more accurate depiction of the evolution of the course of the unemployment level of Greece, the following diagram is presented (ELSTAT, 2019):

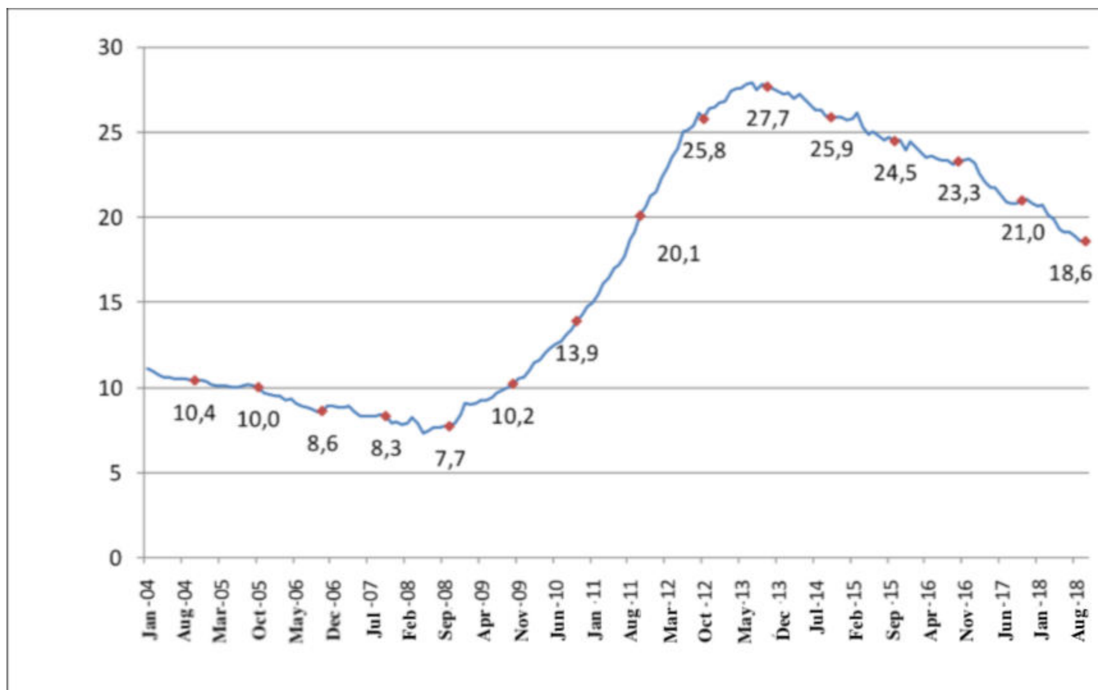

Diagram 10. Evolution of unemployment level in Greece 2004-2018 (ELSTAT, 2019)

According to a relevant report prepared by the European Commission, it is stated that the specific unemployment rate in Greece decreased by 0.8% in 2017 (European Commission, 2017).

Regarding the course followed by the gross public debt, in the year 2017, it was around 179% of GDP, while during 2018 the specific percentage decreased to 175% of A.E.P. (European Commission, 2017).

Diagram 11. Course of the Economic Climate Index of Greece and the EU (IOBE, 2018)

Additional fluctuations in the economic climate index of our country are observed during the year 2017, compared to the immediately preceding year. However, as shown in the chart above, in the context of the other member states of the European Union, the economic climate index shows a steady upward trend (IOBE, 2018).

According to a relevant report of the European Commission, 2018 was judged as a particularly positively evolving year for the European Union, to the extent that the existing expectations and forecasts regarding that year were exceeded. More specifically, it is reported that the growth rates reached a percentage of 2.4%. At this point, it is noteworthy that this percentage is the highest observed in the last decade. In fact, according to the forecasts of the European Commission, growth rates are expected to stabilize during 2018, while at the same time it is expected to slow down during 2019 (European Commission, 2018).

In addition, in the framework of 2018, according to estimates of the European Commission, there has been a decrease in unemployment levels in the European Union, an increase in private consumption, as well as an increase in investment activity (European Commission, 2018).

However, in a similar situation to the situation of Greece's economic sector, there are other European countries such as Portugal, Cyprus and Ireland. In fact, in the case of Ireland in 2010, when it was decided to rescue it, a loan of 67.5 billion euros was received from the

International Monetary Fund, the European Commission, as well as from the European Financial Stability Facility.

The Irish rescue framework was based both on its recapitalization, through the strengthening of its financial system following a € 35 billion loan, and on its fiscal adjustment, the ultimate aim of which was to cover the country's emerging deficit. all the previous period up to the year 2015.

In the case of Greece, however, it is considered that the reform moves that are to be followed are considered even more radical than the cases mentioned above, and more specifically, are inextricably linked to its public sector in terms of its restructuring in general, with the ultimate goal of stimulating its efficiency and effectiveness, which is going to lead the Greek economy to a growth regime to free it from its already leaking recession (Vagianos et al., 2010).

4.5 How Economic Crisis of 2008 Affected Foreign Direct Investments in Greece

In the Global Investment Climate Survey, Franklin Templeton (GISS), which was attended by 11,113 investors from 22 countries, Greek investors participated for the first time and expressed their views on the economic situation in Greece and the expectations for 2014 and the decade we are going through (Iefimerida, 2014).

The survey shows strong investment caution in Greece, as about 60% of respondents intend to adopt a conservative approach to 2014. Yields on returns are likely to be modest for this year, as investors expect an average return of 7.5% per year, with an increase to 13.8% over the next decade. While the outlook for this year is modest, it appears to be better than the average for Europe, which stands at 6.8%. Research has shown that the way investors perceive the market often deviates from reality, which can negatively affect their ability to make well-informed investment decisions. Just over half (55%) of investors believe that their country's stock market rose last year, when, in fact, 17 of the 22 markets surveyed (77%) performed positively (Iefimerida, 2014).

The pictured framework was similar in the case of Greece, where the perception of investors was far from reality, as only 40% of respondents thought that the market grew in 2013,

despite the fact that Greece was one of the ten countries with the largest return on shares. The outlook for investors for their country's stock market this year is more optimistic, as 62% of them believe that the market will record a positive course. It is noteworthy that, after a year of decline, Indian investors appeared significantly more optimistic than other investors, with 80% of them expecting 2014 to be a good year for their country's stocks. Greek investors appeared correspondingly optimistic, albeit to a more moderate degree, with just over half (54%) believing that the stock market will offer positive returns in 2014 (Iefimerida, 2014).

Stocks, real estate and precious metals were at the top of the asset categories that, according to investors' expectations, will record the best returns for the year of 2014. More than half (55%) of investors believe that the shares will be among the asset categories with the best performance this year, while in 2013 the corresponding percentage of investors was 50%. The precious metals were found out of the preferences of some investors this year, at a rate that fell from 53 to 39%, while the outlook for real estate investors remained relatively stable compared to last year (Iefimerida, 2014).

Of the respondents from all countries, Greek investors appeared with the most optimistic outlook for precious metals (58%), while they were also optimistic about non-metallic commodities and stocks in 2014, with their expectations for real estate over a decade. higher than in 2014. The survey findings highlight a preference for assets in physical form, which is not surprising given the data and perceptions of economic recovery in the country, as 81% of investors believe that recovery is either "very weak" or "weak" (Iefimerida, 2014).

Five years after the start of the market downturn in 2008-2009, investors continue to show aversion to investment risk, despite the fact that an optimistic outlook emerges for the future. This is according to the 2014 Global Investment Climate Survey by Franklin Templeton, one of the world's largest investment firms with $ 882.2 billion in assets, which surveyed 11,113 investors from 22 countries in Africa, Asia-Pacific , the American continent and Europe about their current investment stance, but also their expectations for 2014 and the decade we are going through (Chrysikopoulos, 2014).

According to the survey, globally 52% of investors intend to follow a more conservative tactic in their strategy for this year, taking less risk and accepting the prospect of lower returns. However, this risk aversion trend is less pronounced than last year, when the house survey showed that 57% of investors intended to follow a more conservative line in their investments (Chrysikopoulos, 2014).

In the survey, one of the largest surveys of its kind for the first time was included in the respondents and Greek investors, and their answers show restrained optimism about the current investment climate, and in the long run with a positive outlook. This, according to Franklin Templeton analysts, is not surprising, given that the majority of investors surveyed believe that the prospects for economic recovery are bleak and seem to prefer physical assets, due to the economic challenges the country has faced since the beginning of the debt crisis in 2009 (Chrysikopoulos, 2014).

In Greece, therefore, investor skepticism was strong, with about 60% of respondents intending to adopt a conservative approach to their investments in 2014. Yields on returns appear rather "moderate" for this year, as investors expect average yield of 7.5% per year, with an increase to 13.8% over the next decade. However, while the outlook for this year is modest, it appears better than the average for Europe, which stands at 6.8% (Chrysikopoulos, 2014).

Of particular interest is the fact that, according to the findings of the survey, Greek investors have a misconception about the course of the Athens Stock Exchange in 2013. Specifically, only 40% of respondents thought that the market rose in 2013, despite the fact that Greece was one of the ten countries with the highest return on equities last year (Chrysikopoulos, 2014).

Research has shown that the way investors perceive the market often deviates from reality, which can negatively affect their ability to make well-informed investment decisions. Just over half (55%) believe that their country's stock market rose last year, when, in fact, 17 of the 22 markets surveyed (77%) performed positively. However, Greek investors appear optimistic about domestic in 2014, with just over half (54%) believing that the stock market will offer positive returns in 2014. However, they are even more optimistic about the outlook for equities abroad. . Specifically, Greek investors were in the highest part of the range of those who have the strongest interest in investing abroad, with 80% and 85% of them interested in investing in stocks and fixed income securities respectively. Greek investors are interested in investing abroad and believe that Asia will offer the best equity returns this year, but also in the next decade (Chrysikopoulos, 2014).

Respectively, for fixed income securities, Greek investors believe that the best returns in 2014 will occur in Central and Eastern Europe, Asia, the USA and Canada. In terms of interest rate expectations, Greece is the country with the lowest interest rate expectations next year.

Regarding the expectations for specific asset categories, Greek investors express an optimistic outlook for real estate and non-metallic goods (Chrysikopoulos, 2014).

Of the respondents from all countries, Greek investors appeared with the most optimistic outlook for precious metals (58%), while they were also optimistic about non-metallic commodities, with their expectations for real estate within a decade to be higher than the levels of 2014. The research findings highlight a preference for assets in physical form, which is not surprising given the data and perceptions of the economic recovery in Greece, as 81% of investors believe that the recovery is either “very sick” or “sick”. In terms of expectations of achieving financial goals, Greek investors were positive, with 72% of them saying they were optimistic or very optimistic about this issue, although this percentage was slightly lower than the global result of the survey conducted in 80% (Chrysikopoulos, 2014).

Finally, almost a quarter of Greek investors do not intend to add assets to the traditional asset classes they hold, but a third of them will add real estate investments to their portfolio, which is in line with expectations for higher returns in remaining period of 2014. Overall, investors worldwide are more willing to increase their holdings in real estate, their country of origin and emerging markets, as well as precious metals in 2014. More than a third (36%) intend to increase their investment in real estate. Chilean investors appear more willing, with 64% of them planning to invest in real estate this year (Chrysikopoulos, 2014).

A percentage of 30% of global investors plan to add to their portfolios or increase their holdings in domestic shares, while almost a quarter of them (23%) intend to increase their investments in emerging market shares and precious metals. Globally, however, two-thirds of investors believe that the best opportunities in equities and fixed income securities will be off-site this year, reflecting the findings of the 2013 Franklin Templeton survey. At the top of the list were investors from South Africa and Italy, who expressed the strongest interest in investing abroad, with 85% of them believing that the best opportunities exist outside their borders. At the other end of the spectrum, U.S. investors have expressed the least interest in investing abroad this year, with more than 60% of them believing that the best investment opportunities will emerge in their country (Chrysikopoulos, 2014).

Stocks, real estate and precious metals were at the top of the asset categories which, according to investors' expectations, will record the best returns this year. More than half (55%) of investors believe that the shares will be among the asset categories with the best performance this year, while in 2013 the corresponding percentage of investors was 50%. The precious

metals were found out of the preferences of some investors this year, at a rate that fell from 53 to 39%, while the outlook for real estate investors remained relatively stable compared to last year (Chrysikopoulos, 2014).

Of the countries covered by the survey, investors in Japan and Hong Kong expressed the highest preference for shares, with more than 77% of them ranking shares among the top three asset classes in terms of expected return in 2014. Investors from Australia and Malaysia expressed the strongest preference for real estate investment during the years of 2014 (Chrysikopoulos, 2014).

According to the examination of the effect of foreign direct investments of Greece by country of dispatch, it is mentioned that during the crisis period (2007-2011), the countries from which the largest withdrawal of invested capital is observed are Luxembourg, the Netherlands and France, while the countries with the largest increases in invested capital are Germany, Austria and Belgium. This is a picture that is framed to the below diagram.

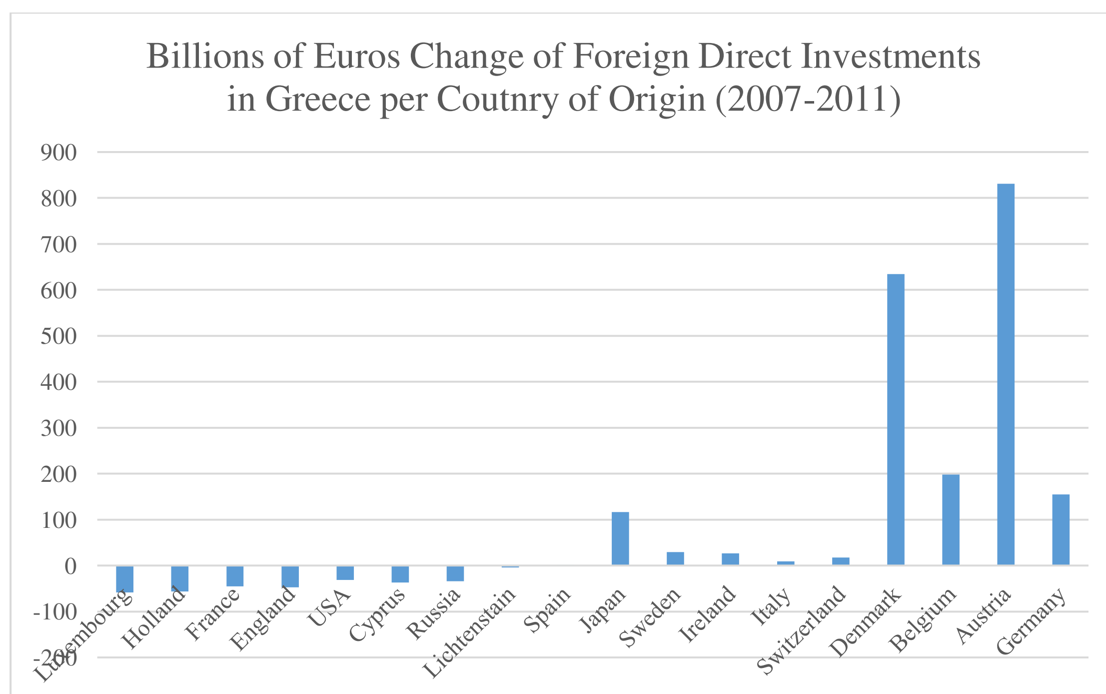

Diagram 12. Percentage Change of Foreign Direct Investments in Greece per Coutnry of Origin (2007-2011) (Kottaridi & Giakoulas, 2013)

In 2010, the marginal increase of the total amount of foreign direct investments stock in Greece continues with a percentage of 7.1%. This increase and the suspension of the decrease

is due exclusively to Cyprus which increased the stock by 1,140.6% reaching its maximum stock during the period under review after its almost total withdrawal last year and England with an increase of 138.4%. Germany's stock continues to decline by 8.4% 7 while their reserves are reduced by France by 20.9% and Austria by 30.2%. The most significant decrease, however, comes from the other countries, which recorded an overall decrease in inventory by 1538.7%. Finally, in 2011 the effects of the crisis are felt as almost all the investing countries in Greece reduce their presence resulting in the total stock to be reduced within a year by 25% (Kottaridi & Giakoulas, 2013).

In the context of a sectoral analysis of foreign direct investments stocks in the Greek state, the picture is clearer. It seems that the decrease in the foreign direct investments stock in Greece is due exclusively to the divestment in two sectors, the financial sector and the food sector. The largest decrease comes from the sum of branches which the Bank of Greece characterizes as unallocated.

These sectors before the crisis, which means during the year of 2007, were the first two in terms of raising capital invested. The metal products and plastics sectors also show significant reductions. On the contrary, the sectors that showed a significant increase, which was not able to compensate for the reductions of the previous ones, were trade, entertainment and energy, gas and water (Kottaridi & Giakoulas, 2013).

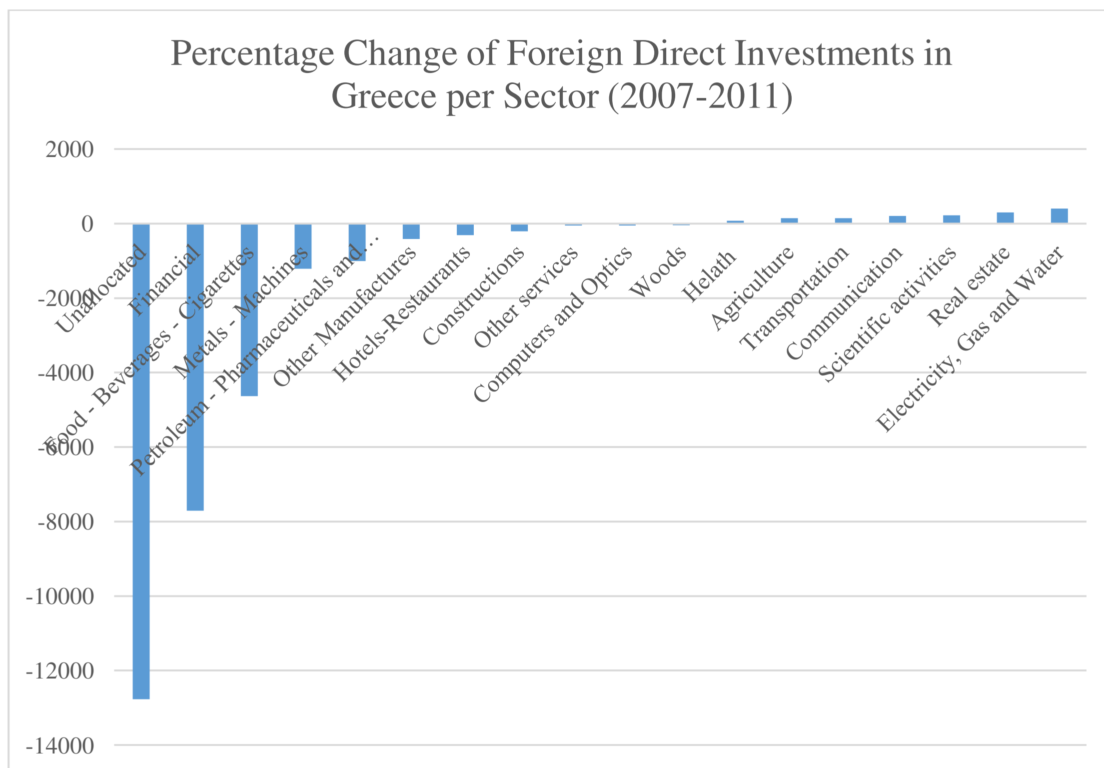

Diagram 13. Percentage Change of Foreign Direct Investments in Greece per Sector (2007-2011) (Kottaridi & Giakoulas, 2013)

The financial sector has already shown a large decrease in 2007 by 39.03%. During the same year, there is the largest decrease in stocks in the food sector with a decrease of 49.87% as well as in other sectors (Kottaridi & Giakoulas, 2013). As it is observed on the above-presented diagram, the crisis is clearly visible in the years 2010 and 2011 during which we have continuous significant stock reductions in almost all sectors with 2011 with a sharp decline in stocks.

Worth mentioning, at this point, is the level of the index of economic freedom of Greece, which is partly connected with the foreign direct investments and their attraction by the Greek state. More specifically, the index of economic freedom, belongs to the Heritage Foundation and is estimated for 161 countries. In order to be calculated, 50 independent variables are taken into account, which are classified into ten different categories. These categories refer to copyright, freedom from corruption, financial freedom, government spending, business freedom, labor freedom, monetary freedom, trade freedom, investment freedom and financial freedom (Tax Heaven, 2017).

Greece's index of economic freedom, for 2013, is ranked 117th internationally and 40th in a total of 43 countries in Europe and is therefore below the global and European average. The

Heritage Institute ranks Greece in the category of countries considered mainly non-free for the year 2013. According to the report on Greece by the Institute for Economic Freedom, the low score is due to deteriorating competitiveness and political uncertainty. The crisis plaguing the country, rising unemployment rates and delays in structural changes, especially in terms of market operation, make the environment unattractive (Kottaridi & Giakoulas, 2013).

The overall score for Greece remained close to the level of 60 points in the mid-1990s. In 2001, Greece had the highest score (63.4) due to the significant upgrade of the financial freedom index from 30 to 30 50 points. This upgrade is due to Greece's entry into the euro area and consequently to the restriction of government intervention in the domestic financial system. From next year, the grade of Greece decreases close to the level of 59. This decrease is due to the deterioration of the investment freedom index from 70 to 50.

The overall index remains at the same level until 2007 with a slight temporary slight increase in the previous year as shown by marginal improvements in various indicators. In the period 2008-2010 there is a steady improvement of the index which in 2010 reaches its 2nd highest value (62.7) during the period under review. The increase is due to the improvement of various sub-indicators, most importantly the improvement of the indicators of property rights, freedom of investment and financial freedom (property rights, Investment freedom and financial freedom) in 2010 from 50 to 60 points, and the indicator of business freedom (business freedom) in 2009 from 70 to 79 points. In 2011 and 2012 the index falls sharply, reaching its lowest performance in the last year (55.4). During these two years, almost all indicators are deteriorating with a more significant deterioration of the government spending index, which fell from 58 in 2008 to 16 in 2012. The fall of the index is of course due to the dramatic reduction of public spending and by expansion of public investment during this period due to the crisis. And this is a clear indication of the impact of the crisis on the degree of economic freedom of the Greek state. Greece, in the year of 2013, was is at the lowest level historically at about the same level as Bosnia and Herzegovina and Moldova. Switzerland, Ireland and Denmark are the first countries in this index to perform. It is worth noting that all neighboring countries with Greece show better performance in the index (Kottaridi & Giakoulas, 2013).

The following diagram presents the direction of the overall index of economic freedom for Greece during the period 1995-2012:

Diagram 14. Total Index of Economic Freedom of Greece

Another important indicator is that of investment freedom. In this indicator, Greece was in a fairly high position (70) until 2000. Since then, however, it began to decline, reaching 50 until 2008 and from next year rises to 60 in 2012 while improving marginally in 2013 to 65 points. And in this indicator, however, Greece, during 2013, was in the last places along with Bosnia and Herzegovina and Moldova. The first places in the index are, as in the previous one, Switzerland, Ireland and Denmark (Kottaridi & Giakoulas, 2013).

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2&p_p_col_count=4&p_p_col_pos=1&_documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKKo4lN_javax.faces.resource=document&_documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKKo4lN_ln=downloadResources&_documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKKo4lN_documentID=350991&_documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKKo4lN_locale=el (27 / 1/2021)

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CHAPTER 5. THE AFFECTION OF FOREIGN DIRECT INVESTMENTS TO THE ECONOMY

5.1 The Benefits That Arise Through Foreign Direct Investments

The main benefits that economies derive from foreign direct investments can be divided into four categories:

- The first category refers to the increase in GDP growth rate. Through the foreign direct investments, the growth rates of the economies are increasing. This is achieved by increasing the production of goods and services, which has the effect of stimulating the real economy and the purchasing power of society. Thus, through the stimulation of consumption, income and added value are created (Belloumi & Alshehry, 2018; Temiz & Aytaç, 2014).
- The second category concerns the improvement of the competitiveness deficit. Through the attraction of foreign direct investments, the competitive structures of an economy are shielded, as long as they are accompanied by structural changes that will ensure the long-term foreign direct investments and their effects on the Greek economy, maintaining the high growth rate. Thus, through this improvement, exports are increased as well as the attraction of foreign investments (Dudić et al., 2018; Bayar et al., 2020).
- The third category has to do with reducing the unemployment rate. The main benefit, however, is that through a successful foreign direct investments policy, unemployment is reduced. This is easy to understand as the creation of new businesses automatically increases the supply of labor. Of course, reducing unemployment in addition to economic indicators and improving the statistics of an economy has a key impact on society itself, as it increases the purchasing power of citizens thus helping the well-being of society as a whole (Comes et al., 2018; Strat et al., 2015).
- Finally, the fourth category refers to the improvement of trade relations. In particular, the trade relations of an economy are rapidly improving as it acquires economic

transactions with other countries, resulting in an increase in both exports and imports (Blomkvist & Drogendijk, 2016).

5.2 How Foreign Direct Investments Affect the Outputs of Countries of Origin

The debate on the effects of foreign direct investments on countries of origin is not new. However, interest seems to be reviving in the last decade in the light of regional integration, as it evolves, where new large markets have emerged and are therefore attractive locations for multinational companies. Foreign direct investment outflows have at times been accused of having a negative impact on the economies of countries of origin in terms of employment, product, exports and productivity (Ho & Rashid, 2011).

The literature has dealt for a large part with the relationship between foreign direct investments outflows and exports. The concern here is focused on the fact that the expansion of foreign direct investments outflows is to the detriment of a country's exports and therefore involves employment exports. The argument is to be found in early foreign direct investments theories, where international investment took place primarily to overcome trade barriers (Lee et al., 2020)

Also, the early foreign direct investments theories consider that their outflows are an alternative means of internationalization. In this context, more recent scholars argue that with small economies of scale in production and high trade costs, it is in the business interest of companies to serve markets through local production rather than through exports. On the other hand, some other views are placed which support a complementary relationship between foreign direct investments outputs and exports (Head, 2004; Dhingra et al., 2018; Zhang, 2005).

In addition to the above, recent discussions on the subject of directly examination of the relationship between foreign direct investments outflows and employment in the country of origin, exist in works in which a clear distinction is made between horizontal and vertical foreign direct investments. It is obvious that vertical foreign direct investments, as they take place in order to take advantage of more competitive costs of productive factors, may reduce

employment domestically as part of the production is transferred to the subsidiary (Lankes & Venables, 1996; Wang & Zhao, 2008; Le & Pomfret, 2011).

However, as other factors involving vertical foreign direct investments are involved, the final result is not clear. Characteristically, given the greater competitiveness due to the restructuring of the production chain, it is possible to strengthen the competitive position of the company and therefore to increase its market shares, both domestically and abroad, through positive externalities that take place in domestic production and demand (Lv & Spigarelli, 2015).

In addition, it is argued that complementarity between foreign and domestic production may arise as trade flows are encouraged. With regard to horizontal foreign direct investments, they take place in order to serve local demand, so in essence they replace exports and therefore a part of production. At the same time, however, there is a demand for intermediate products and services from the parent to the subsidiary and so the result can be positive (Wang & Zhao, 2008; Dries & Swinnen, 2004).

In the same context, foreign direct investments outputs, whether horizontal or vertical, require greater control and coordination between the various units, i.e. parent companies and subsidiary ones. These activities derive from the parent company and in this light, affect the composition of employment as there is a need for skilled work and skilled workers. Indeed, studies on the subject indicate that the demand for skills increases with foreign direct investments outflows, especially if foreign direct investments is directed to lower-income countries (Pao & Tsai, 2011).

Another dimension of the effects of foreign direct investments outputs on countries of origin concerns Research and Technology activities. The threat in this context is the flight of technological activities from the country of origin to the host countries. On the one hand, the geographical dispersion of the innovative activities of multinational companies enhances the technological and consequently innovative development of the company, boosting its productivity as the creation of subsidiaries is likely to take place in order to be exploited knowledge and skills that exist in specific locations. Based on the above, the country of origin can be favored if the subsidiaries transfer technological knowledge to the parent company, a phenomenon which is known in the relevant literature as “backward transfer of technology” (Khachoo & Sharma, 2016; Zhang, 2017).

Furthermore, foreign direct investments outflows can help the technological change of the country of origin through positive externalities arising from the backward transfer of technology, having a positive effect on domestic companies that are not internationalized. Another parameter of the impact of foreign direct investments outflows in the country of origin focuses on their relationship with domestic investment. It is argued that as multinationals invest abroad, domestic investment is expected to decline (Hofmann, 2013). This argument certainly has a theoretical and practical basis in the case where the funds invested abroad concern all the funds available for investment in the country of origin.

The opposite view, which supports complementarity between foreign direct investments outflows and domestic investment, is based on possible interdependencies and interactions between foreign subsidiaries and domestic investment. These interdependencies relate to potential exports that can be caused by foreign direct investments outflows, through the need of subsidiaries for intermediate goods from parent companies (Eregha, 2012).

This logic strengthens the investment activity of the parent companies and therefore of the country. Newer studies in this field speak of different results based on the type of foreign direct investments outputs. More specifically, the argument is based on the analysis carried out above as regards the complementary or substitute relationship between foreign direct investments and exports (Shi et al., 2018).

If foreign direct investments outflows take the form of substitution of exports with on-site production, it is reasonable to expect domestic investment to be displaced. On the other hand, horizontal foreign direct investments can boost domestic investment as affiliates use many of the functions available to the parent company. Early empirical evidence supports the complementary relationship between foreign direct investments outflows and domestic investment, but this does not mean that there are no opposing views (Kokko & Thang, 2014; Shi et al., 2018).

In general, although there are conflicting indications regarding the effects of foreign direct investments outflows in the countries of origin, it is possible to draw a general conclusion in favor of the positive effects. The positive effects result from the strengthening of the competitiveness of multinational companies, through the specialization and economies of scale they achieve in the international field, by expanding their production as well as through the specialization and the introduction of knowledge and technology, i.e. backward transfer of technology, such as explained above.

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CHAPTER 6. GREEK LEGISLATIVE FRAMEWORK ON FOREIGN DIRECT INVESTMENTS

6.1 The Greek Legislation

The first law enacted for foreign direct investments was Law 2687/53 on investments and protection of foreign capital. Then Law 4171/61 was adopted to take general measures to assist the development of the country's economy and Law 4458/65 on industrial benefits, the compulsory Laws 89/1967 and 378/1968, Law 1312/1972 to regional development aid, Law 1377/73 and Law 1378/73 on measures to boost tourism development. Subsequently, the Greek State proceeded with the enactment of the development Laws 1262/82 and 1892/90 and finally the Law 2601/98 that was in force until recently after its replacement by the last investment Law 3299/2004.

Especially, the legislative framework of Law 3299/2004 is an important development cut as it contributes to the creation of favorable investment conditions, with obvious positive effects on the creation of new jobs, on the promotion of technology and innovation in the economy, on the expansion of the productive base.

It includes tax exemptions, grants, leasing subsidies, as well as subsidies for the cost of employment created by the investment plan. Provides a two-year grant relating to a percentage of the total salary cost of the new job. For new investments, subsidies are provided for the creation of businesses in industrial areas, increased by 5%. In terms of types of investment, the new law aims to enhance regional development, while encouraging investment in research and technology. Major investment incentives are foreseen in the fields of tourism and trade (L. 3299/2004).

The development law includes in the primary sector greenhouses, livestock units and cultivation units. The secondary sector includes energy, processing and everything related to them. Finally, the tertiary sector includes conference centers, hotels, thermal springs, as well as other services such as the supply chain, software development and applied industrial research laboratories.

Law 3299/2004, also, simplifies the procedures related to its implementation, such as the process of payment of aid. The payment of the grant is paid in two installments. The 50% is given after the implementation of the 50% of the investment and after it has been checked and certified by the competent state body that the investor has complied with the terms and conditions required by law. The remaining 50% of the subsidy is paid after the final certification of the competent state body that the investment has been completed and its productive operation has begun. Finally, the development law provides for the creation of an Investment Guide which incorporates and explains with relevant examples, all Ministerial Decisions with the shortening of all procedures as well as the operation of an Integrated Information System (L. 3299/2004).

However, despite the efforts of the current political leaderships to achieve an attractive investment environment, the institutionalization of investment incentives, but also the greater effectiveness of development laws in recent years compared to the old ones, there have been no impressive results so far because of these laws alone. It is clear that the problem of attracting investment is not just a matter of institutional framework, but a function of many other factors.

The Summit of Ministers of the 29 OECD countries, meeting in Paris on 27 June 2000, adopted, together with Argentina, Brazil, Slovakia and Chile, a text of Guidelines for Multinational Enterprises, after a year of negotiations in which Representatives of the governments of the OECD members, as well as representatives of the business world, employees and interested non-governmental organizations participated. The Guidelines were first issued in 1976 and have since been revised regularly. The Directives are recommendations addressed by Governments adopting them to multinational companies operating or based in their home countries, operating abroad and providing non-binding principles and standards of responsible business conduct. They aim to ensure that multinational companies operate in harmony with the policies of the host countries and the expectations of their societies (OECD, 2021).

6.2 Measures and Politics of Empowerment of Foreign Direct Investments

In such a negative environment, the emergence of new investment opportunities and the promotion of a stable and friendly business environment, which will provide the right investment incentives and reduce investment risk, should be key policy priorities. It is estimated that the following will contribute to this direction:

- The acceleration of privatizations and the better utilization of public property (Kamat, 2004).
- The integrated implementation of a national development strategy (Nielsen et al., 2017).
- The immediate treatment of non-performing loans (Kuzucu & Kuzucu, 2019), as the consolidation of corporate and bank balance sheets will make Greek companies more attractive to investors.
- The fight against bureaucracy and opacity and the modernization of public administration. Some progress has been made recently with the further simplification of licensing procedures, the introduction of electronic applications for the establishment of a new company and the upgrading of one-stop shop services for businesses (Bitzenis et al., 2009).
- The creation of a rational and stable tax framework (Bénassy-Quéré et al., 2015). The complexity of tax legislation and its frequent amendments create uncertainty and serious disincentives for investors. According to data for 2016, the corporate tax rate, which stands at 29% for Greece, is the third highest among the European OECD member states (after France with 34.43% and Belgium with 33%). The new development law (Law 4399/2016) provides for a stable tax regime for a period of 12 years for major investments, signaling the state's interest in responding to the constant request of international investors for stable tax treatment in the long run.
- The proper functioning of the judicial system. Although some positive steps have been taken with the new Code of Civil Procedure regarding the prioritization of creditors in the event of bankruptcy, there is a significant lag on a number of other issues, such as land use legislation, building conditions, cadastral completion and adequate protection of property rights. In several cases, the frequent tensions and appeals to the Council of State are an additional obstacle, while the judicial settlement of disputes remains time consuming and complicated (Fazio & Talamo, 2008).
- Strengthen competition in the product market through harmonization of legislation and more flexible regulations. Differences in legislation between countries are another

factor that can significantly reduce both international trade and foreign direct investments (Rong et al., 2020).

- Improvement of investment facilitators, such as infrastructure, supply chain interconnection and telecommunications, i.e. digital networks (Olofsdotter & Persson, 2013).
- Maintaining a high level of human capital and upgrading the administrative skills of executives. This requires reforms aimed at upgrading the quality of education and the labor market, in order to provide, inter alia, incentives for the repatriation of new migrant workers ("brain regain") and strengthening the spirit of teamwork and cooperation. In this way an increase in total productivity would be achieved through the utilization of a "network of know-how" (Park, 2018).

6.3 A Comparison of Greek Foreign Direct Investments with Other Countries

The table below presents the fluctuations of foreign direct investments stocks in Greece and other European countries and countries from the other world in order to have a comparative picture:

Country	% change 2007-2011	Country	% change 2007-2011
Malta	101,29%	**Austria**	-8,41%
Albania	75,94%	**Turkey**	-8,97%
Luxemburg	40,75%	**Finland**	-9,53%
FYROM	26,19%	**Cyprus**	-9,86%
Bulgaria	25,62%	**Hungary**	-11,55%
Slovakia	20,14%	**Italy**	-11,65%
Ireland	19,54%	**France**	-22,74%

Belgium	18,11%	**Holland**	-23,16%
Sweden	15,36%	**Croatia**	-31.47%
Romania	11,70%	**Greece**	-48,85%
Latvia	11,69%	**Eurozone**	-4,85
Czech	11,42%	**EU**	-3,03%
Poland	10,72%	**Globally**	14,17%
Spain	8,31%	**China**	117,62%
Slovakia	5,36%	**Brazil**	116,25%
Iceland	3,40%	**India**	90,68%
Germany	2,62%	**Japan**	69,96%
Estonia	-0,12%	**USA**	-1,18%
UK	-3,55%	**Lithuania**	-7,58%
Portugal	-5,45%		
Denmark	-6,02%		

Table 2. fluctuations of foreign direct investments stocks in Greece and other Countries (Kottaridi & Giakoulas, 2013)

It is observed that there is an increase in foreign direct investments in the peripheral countries and a decrease in the core countries. There was a decrease in the euro area and the EU as a whole by 4.85% and 3.03% respectively while global stocks increased by 14.17%. Greece seems to be the economy that had the biggest losses of all with a reduction in inventory by 48.45%.

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CHAPTER 7. DISCUSSION AND PROPOSALS FOR PERSPECTIVES OF FOREIGN DIRECT INVESTMENTS IN GREECE

In recent years, foreign investment interest remains fragmented and limited, despite the efforts of the state and market players to reverse the long-term trend of low foreign direct investments in Greece.

Conjunctural but also longer-term structural factors explain the inability of the Greek economy to attract and utilize foreign direct investments to a greater extent. Among the cyclical factors, there is frequent reference by foreign investors to the economic uncertainty and the lack of confidence in the prospects of the Greek economy, as well as the need to consolidate political stability and geopolitical security.

Among the long-term structural factors, important disincentives for foreign direct investments are bureaucracy, ambiguity and instability of the legislative and regulatory framework, the unpredictable tax system, and the lack of protection of property rights, combined with delays in litigation. dispute resolution. In addition, dysfunctions and rigidities in the labor and product markets as well as insufficient material and technological infrastructure have made Greece a less attractive destination for foreign direct investments compared to neighboring or other comparable euro area countries.

The deficit of structural competitiveness of the Greek economy, which discourages the attraction and retention of foreign strategic investors, is documented by a series of relevant indicators compiled by international organizations.

At the same time, it is clear that higher foreign direct investments could mitigate the effects of the recession on the potential output of the Greek economy, resulting from the brain drain abroad, the devaluation of professional qualifications due to long-term unemployment and deterioration. of inactive technological equipment.

Greece is a small country in the periphery of the EU, far from its core. However, it occupies a geostrategic position as it is located at the crossroads between the Balkan countries, the Middle East, South Africa and the Caspian Sea. It may well be the hub between East and West. The country, of course, faced inherent weaknesses for many years, which eventually led

to the crisis it experienced between 2008-2017. This economic crisis has been a springboard for discussions on the need to redefine goals and policies, with a particular emphasis on trying to attract foreign direct investments, as a necessary component for restarting the country and creating jobs.

As was evident from the above analysis, however, Greece could not take advantage of its comparative advantages nor its entry into the EU and the euro area respectively with other European countries. Its performance, which is presented by UNCTAD, ranks it in the last places.

In addition to the purely key features of foreign direct investments attraction, the scientific debate is increasingly focused on the role of institutions. Unfortunately, here too Greece is ranked in a very low position both in the aggregate index and in the sub-indices. At times, efforts have been made to improve the business climate, as for example with investment laws, as we observed at the context of the above-mentioned Greek legislative framework. However, these efforts are ineffective.

More analytically, it is obvious that jerky moves, and policies cannot convince foreign investors. Greece needs coherence of policies with a stable framework and long-term strategic planning. The consolidation of the public sector with a radical restructuring of its structures and modes of operation is a basic precondition for any further step. The complex bureaucratic system must be eliminated, in order to simplify the procedures for initiating activities, as well as any procedures related to public-company and public-taxpayer relations in order to prevent corruption. The prevalence of transparency has a prominent role in ensuring the effective operation of the state and therefore the trust of potential foreign investors in our country.

A long-term strategic plan certainly concerns the stability of the macroeconomic, legal and political framework. The successive changes in the tax system, for example, are a serious obstacle for any interested foreign investor. Foreign direct investments, it is reminded, are long-term investments that are not easily reversible. Consequently, any investor must be able to estimate the income and cost of his long-term investment which presupposes that he is aware in advance of his legal and tax obligations.

The above-mentioned are not presented as wish lists for the Greek state. They are presented as proposed policies that, regardless of foreign direct investments, they can ensure the healthy development of a country, and in the context of the specific occasion, of Greece. However, they require political will, in a state that has been built on distorted structures for decades.

CHAPTER 8. CONCLUSIONS AND PROPOSALS FOR FURTHER RESEARCH

In the present dissertation we dealt with foreign direct investments and specifically for the case of Greece. Foreign Direct Investment is considered a development vehicle and is of particular importance for the economy of each country. All countries seek to attract foreign investment, but also to make investments abroad, as foreign investments hels to increase gross domestic product (GDP), increase the levels of employment, improve competitiveness and generally social and economic development of a country.

Unfortunately, as the economic crisis in recent years adversely affected the Greek economy, attracting foreign investments seems to be the only way to achieve the recovery of the Greek economy. To achieve all this, there must be economic stability, a comprehensive strategic investment policy plan, improving the business and investment environment and promoting a country abroad. In order for Greece to find itself in a period of smooth development, significant and systematic investments are needed. The lack of confidence in the Greek economy is a major obstacle to investment. So far, foreign investment in the country is not significant, it comes from a few countries and does not spread in the economy, so their overall impact is very small.

Foreign direct investment is considered as an essential lever of development and for this reason a rich literature has been developed on those factors that are important for foreign investors, as we saw in the context of the current dissertation. In addition to the purely economic factors, the role of institutions and political stability in a country in attracting foreign investors, is highlighted.

The current study made clear the unfavorable position of Greece in the ranking of the respective index of economic freedom and its individual indicators, which are based on the Heritage Foundation. In particular, in the case of the Greek state, there is an urgent need for bold and binding policies in order for fiscal sustainability, labor market flexibility to prevail and, obviously, to combat systemic corruption.

Finally, we can support that nowadays, Greece is really facing a historic moment. This is the moment when the Greek state has the opportunity to shake off its bad past and will be rebuilt,

based on its possibilities, which are many, or to fold, applying policies of the past, such as for example firefighting solutions and piecemeal interventions to escape the crisis without substantial reforms.

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