



EN

Enterprise and Industry

2014 SBA Fact Sheet

GREECE



In a nutshell

With real GDP in 2013 estimated to be almost 23 % below its 2008 level, Greek SMEs have borne the brunt of the economic crisis in recent years. In that period, SME employment fell by 27% or more than 630000. Almost one in four of the SMEs that existed in 2008 closed down, reducing the total volume of SME added value by a third of its 2008 levels. While the downward trend slowed down in 2013, it has not been fully reversed yet. In these difficult circumstances, Greece's SBA policy profile remains weak. There is not a single area in which its performance is better than the EU average. It lags very much behind this average in three areas — second chance, access to finance and internationalisation. As was the case last year, there is the biggest gap between Greece and its EU counterparts in terms of access to finance. On a positive note, many indicators for the SME environment across the various SBA principle areas are improving. As a result, most areas improved between 2008 and 2013. Greece is in its sixth year of recession and the government has changed three times since 2009. In this fragile environment, it was very hard to implement policy. This situation was aggravated by many other factors including the overall economic and political stability of the country. Still, it has made a lot of progress in implementing the SBA since 2008. In 2013, this was especially the case in terms of access to finance, skills and innovation, the business environment, internationalisation and promoting entrepreneurship. For the future, efforts to improve access to finance, encourage innovation and skills acquisition and promote internationalisation must be redoubled. While responsive administration reforms are beginning to bear results, the dire state of public finances is negatively affecting SMEs. For example, as a result of the economic crisis, public authorities take almost twice as much time as before to pay their providers of works and services. Only very recently has the situation started to improve. This calls for a reinforcement of the 'think small first' principle, e.g. by improving policy coordination among the different branches of government to ensure that the interests of SMEs are given due consideration in all relevant policy actions. The preliminary outlook for the years 2014 and 2015 does not show a major reversal of SME trends. Total SME employment is expected to fall by another 106 000, the number of SMEs may drop by another 40 000 and the forecasts are similar for the added value of SMEs. However, the combined effect of the impact of the reforms taking place and the recent more positive macroeconomic trends may result in a better situation than current forecasts suggest.

About the SBA Fact Sheets¹

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from 'entrepreneurship' and 'responsive administration' to 'internationalisation'. To improve the governance of the SBA, the 2011 review of the Act called for improved monitoring. The SBA Fact Sheets are published annually and aim to improve understanding of recent trends and national policies affecting SMEs.

1. SMEs in Greece — basic figures

	Number of enterprises			Number of employees			Value added		
	Greece		EU-28	Greece		EU-28	Greece		EU-28
	Number	Proportion	Proportion	Number	Proportion	Proportion	Billion €	Proportion	Proportion
Micro	629 811	96.2%	92.4%	1 130 794	55.2%	29.1%	16	33.1%	21.6%
Small	21 669	3.3%	6.4%	398 503	19.5%	20.6%	11	22.5%	18.2%
Medium-sized	2 464	0.4%	1.0%	227 832	11.1%	17.2%	8	16.5%	18.3%
SMEs	653 944	99.9%	99.8%	1 757 129	85.8%	66.9%	34	72.1%	58.1%
Large	423	0.1%	0.2%	290 547	14.2%	33.1%	13	27.9%	41.9%
Total	654 367	100.0%	100.0%	2 047 676	100.0%	100.0%	48	100.0%	100.0%

These are estimates for 2013 produced by DIW Econ, based on 2008–11 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, except D, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

Small and medium-sized enterprises (SMEs) dominate the Greek business economy, accounting for 72% of added value and 86% of employment. These proportions are considerably larger than for the rest of the EU (58% and 67%). The Greek SME sector is more heavily based on microfirms than that of most other European countries. While small and medium firms are of comparatively lower importance, microenterprises account for about 46% of the added value generated by the SME sector (EU average: 37%). They also provide 64% of all workplaces in SMEs in the business economy. This proportion is 21 percentage points lower in the EU.

SMEs provide 80% of all jobs in the manufacturing sector, almost 95% in the construction sector and about 90% in the wholesale and retail trade sector. These figures are well above the EU average, especially in the manufacturing and wholesale and retail trade sectors.

With real GDP in 2013 estimated to be almost 23 % below its 2008 level, Greek SMEs have borne the brunt of the economic crisis in recent years. In that period, SME employment fell by 27% or more than 630 000. Almost one in four (more than 205 000) of the SMEs that existed in 2008 closed down, reducing the total volume of business, measured in added value, by a third of its 2008 levels. While the downward trend slowed down in 2013, it has not been fully reversed yet. According to the survey by IME GSEVEE a Small Enterprises' Institute, 75.4% of small businesses said that the situation worsened in 2013. The turnover of 75.8% of them decreased. Retail trade businesses and microenterprises were the worst affected. The average decrease in turnover for the first half of 2013

was 27.3%. According to the survey, the main problems for SMEs are insufficient financial liquidity (61.6%), high taxation (56.4%) and low consumer demand (46.8%), with liquidity the biggest problem for the survival of Greek SMEs. This tallies with the fact that about 51.4% of SMEs have difficulties paying their employees on time. The reports of the Greek Labour Inspectorate confirm this. More than half of Greek SMEs (50.5%) have reduced the number of working hours or days for some of their employees. Compared to January 2013 (43.6%), in June 2013, 49.3% of SMEs also reported being forced to reduce their employees' salaries.

The construction sector was hardest hit by the economic downturn, accounting for about a third of total employment loss in SMEs. From 337 000 employees in 2008, the number decreased to only 140 000, a 58% loss. The number of construction SMEs and their combined turnover halved during that period. The decrease in the number of building permits every year confirms this: -11.1% (2010), -28.5% (2011) and -36.7% (2012). The construction index (including buildings and civil engineering works) shows a decrease of 29.2% in 2010, 28.1% in 2011, 26.1% in 2012 and 19.0% in 2013. Although the crisis has not spared big businesses either, they performed better than SMEs. Their added value dropped by 40% and their employment by 43%. This is because they put SMEs out of business by turning to smaller construction projects with the decrease in the number of large public contracts awarded. Employment in manufacturing SMEs fell by 29%, or more than 100 000. The number of manufacturing SMEs decreased by 20% and their added value by 23%. Big businesses in this sector did not perform better than

SMEs. According to the latest estimates, their added value decreased by 35% and their employment by 27%.

Other sectors particularly hard hit include wholesale and retail trade, car and motorcycle repair, real estate and accommodation and food services. There were only two sectors, both fringe industries in terms of their importance for the Greek economy, in which SMEs managed to expand. These were mining and quarrying, water supply, sewerage treatment, waste management, and remediation activities.

The severe recession has affected the ability of businesses to survive. According to a survey carried out for GSEVEE, more than half of them are in danger of closing down in the near future. According to the Institute for Small Enterprises, a total of 40 000 SMEs were expected to close down during the second half of 2013. The results of the institute's survey also show that during the first half of 2013 56 000 jobs were lost, fewer than the forecasted 61 000. A loss of 45 000 more jobs was forecasted for the second half of the year.

Data from the General Electronic Commercial Registry show that 39 441 businesses were registered between October 2012 and October 2013, while 32 407 closed down during that time, resulting in a positive net effect of 7 034. Most of these businesses however were sole traders with no employees, accounting for 74.7% of all businesses set up. This could also mean that starting a business might be the only way for many to leave unemployment and avoid poverty. That said, the attitude of Greeks to entrepreneurship has changed. In 2012 12.9% of Greeks said that they saw entrepreneurial opportunities in the next six months, while the same percentage in 2011 was 10.9%.

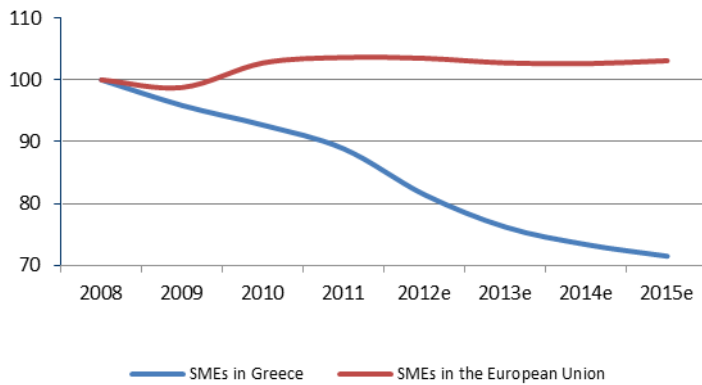
The preliminary outlook for 2014 and 2015 does not foresee a major reversal of the trend for the SME sector. Rather, for SMEs the economic crisis may continue, although to a lesser extent. Total SME employment is expected to fall by another 106 000, to a total of 1 651 000 million in 2015. The number of SMEs may fall by another 40 000 to 614 000 in 2015 and their added value may also decrease. However, some favourable macroeconomic circumstances may help mitigate these trends. The Foundation for Economic and Industrial Research's latest study on the Greek economy found some signs of stabilisation for 2014. The recession is expected to end and GDP is expected to increase by around 0.6%. The decrease in the rate of private consumption is expected to slow down to -2%. The public sector is expected to contribute more to investments than it did in 2013. Fourth, investments are also expected to rise because of the improved capital sufficiency of the Greek banks after their recapitalisation, which is reflected in the relatively lower lending interest rates to SMEs. Investments are therefore expected to increase in 2014, with a parallel increase in exports of goods and services. Given these positive expectations and the latest labour reforms to make the labour market more flexible, unemployment is expected to fall to 26%, i.e. lower than the 27.4% it was in 2013.

Laws 4172/2013, 4110/2013 and 4174/2013 will reduce or abolish several tax exemptions, e.g. the threshold for non-taxable income. Overall however, Greek SMEs are still more uncertain than confident about the future. The IME GSEVEE survey results for the second half of 2013 show that most businesses had negative expectations for the future. It is the first time since 2011 that there is an increase in negative expectations for the future.

SME trends in Greece²

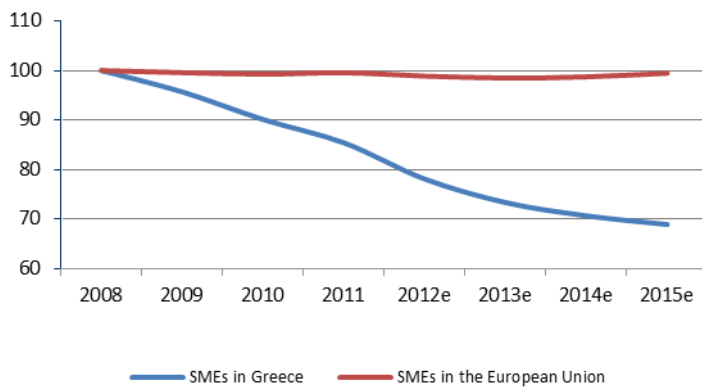
Number of SMEs

(Index: 2008=100, estimates from 2012 onwards)



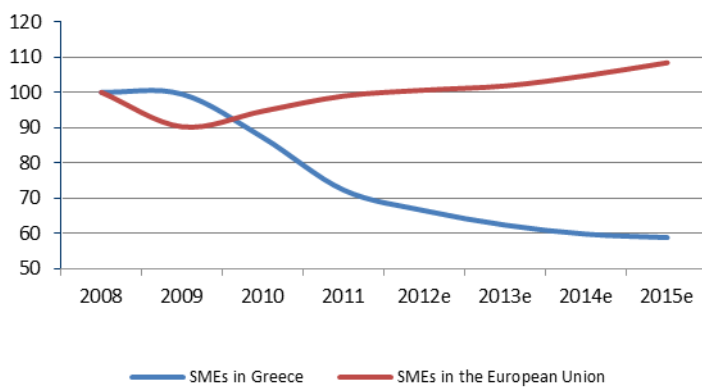
Employment in SMEs

(Index: 2008=100, estimates from 2012 onwards)

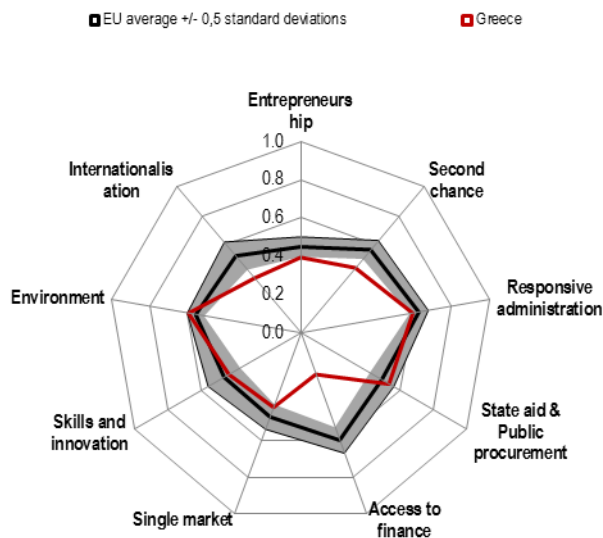


Value added of SMEs

(Index: 2008=100, estimates from 2012 onwards)



2. Greece's SBA profile³



Greece's SBA policy profile remains weak. There is not a single area in which its performance is better than the EU average. It lags very much behind this average in three areas — second chance, access to finance and internationalisation. As was the case last year, there is the biggest gap between Greece and its EU counterparts in terms of access to finance. On a positive note, many indicators for the SME environment across the various SBA principle areas are improving. As a result, most areas improved between 2008 and 2013. During that time, performance only deteriorated for entrepreneurship, second chance and skills and innovation.

Greece is in its sixth year of recession since 2008 and has experienced three changes of government since 2009. In this fragile environment, it was very hard to implement policy. This situation was aggravated by many other factors including the overall economic and political stability of the country.

Still, it has made significant progress in implementing the SBA since 2008. However, SMEs have not always reaped the benefit of improvements. UEAPME (the association of European SME associations) scoreboards show that since 2008 the greatest time lag between the implementation of measures and improvements being noticed is in access to finance,

entrepreneurship, administration and better regulation. This is partly due to other factors such as the lending policy of the Greek banking system. Many of the most ground-breaking reform measures also take time to yield results.

Considerable progress was made in implementing SBA measures in 2013, especially in the areas of access to finance, skills and Innovation, the environment, internationalisation and promoting entrepreneurship. Second chance, the 'think small first' principle and the single market received less attention in 2013. The government has consistently implemented the SBA in recent years, but postponed implementing some measures. The following measures announced in 2012 were not implemented according to schedule in 2013:

- the youth entrepreneurship programme (because the first round was extended);
- a pilot project to help young people set up social cooperative businesses;
- the entrepreneurship in rural areas programme.

So far, there has not been much delay because most of the measures were only recently announced. It is expected they will be implemented in the near future. There is no evidence suggesting that their implementation will be postponed or otherwise hindered.

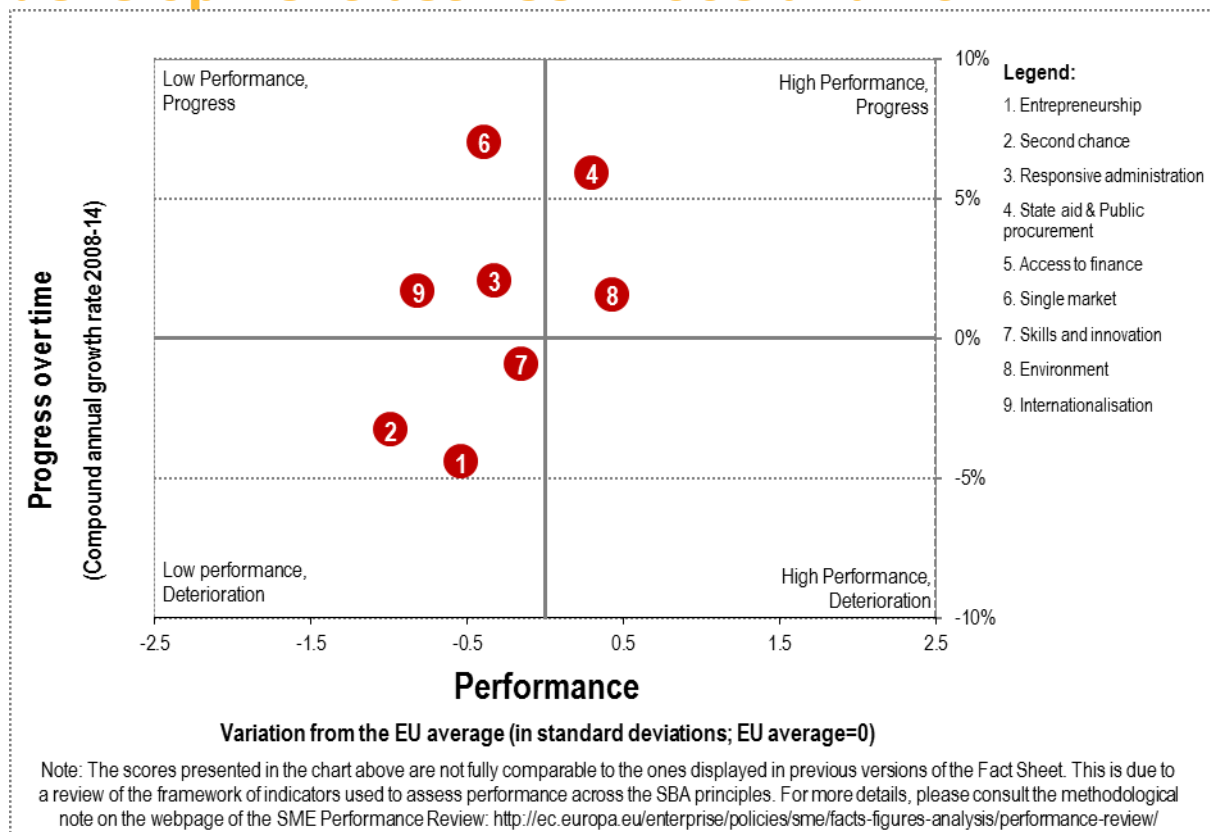
Several public authorities implement Greece's national SBA strategy. The main authority responsible for SBA implementation is the General Secretariat for Industry of the Ministry of Development and Competitiveness. The General Secretariat for Commerce and the General Secretariat for Investment and Development of the same Ministry, as well as the General Secretariat for Research and Technology of the Ministry of Education and Religious Affairs and the Ministry of Labour, Social Insurance and Welfare, are also responsible for implementation. The strategy is an integral part of the national reform programme, the general policy framework for restoring economic

growth. Under this framework, Greece has adopted several measures to help SMEs. Although implementation is scattered across several bodies, the Ministry of Development defines the priority areas in consultation with the other ministries involved. Future SBA priorities will be decided under the Partnership Agreement for the next programming period (2014–20). The areas currently identified as priority areas are access to finance, skills and innovation, the environment, internationalisation and entrepreneurship. SBA priority-setting also takes the Greek regions' smart specialisation strategies into account.

Overall, government policies and measures for 2013 (in the context of the Europe 2020 strategy) are in line with the SME sector's expectations and the principles of the SBA. The measures are

designed taking into consideration input from services such as the National Observatory for SMEs. Among its objectives is the production of annual reports on the prospects of SMEs in Greece based on the views of the SME community. Measures are also designed after consulting the relevant SME stakeholders, as in the case of the Internationalisation I and II programme, developed on the basis of the views of exporters' federations. Measures are also usually published in advance and consultations are organised for two months according to standard procedures for managing structural funds and as part of open and transparent governance.

Greece's SBA performance: status quo and development between 2008 and 2014⁴

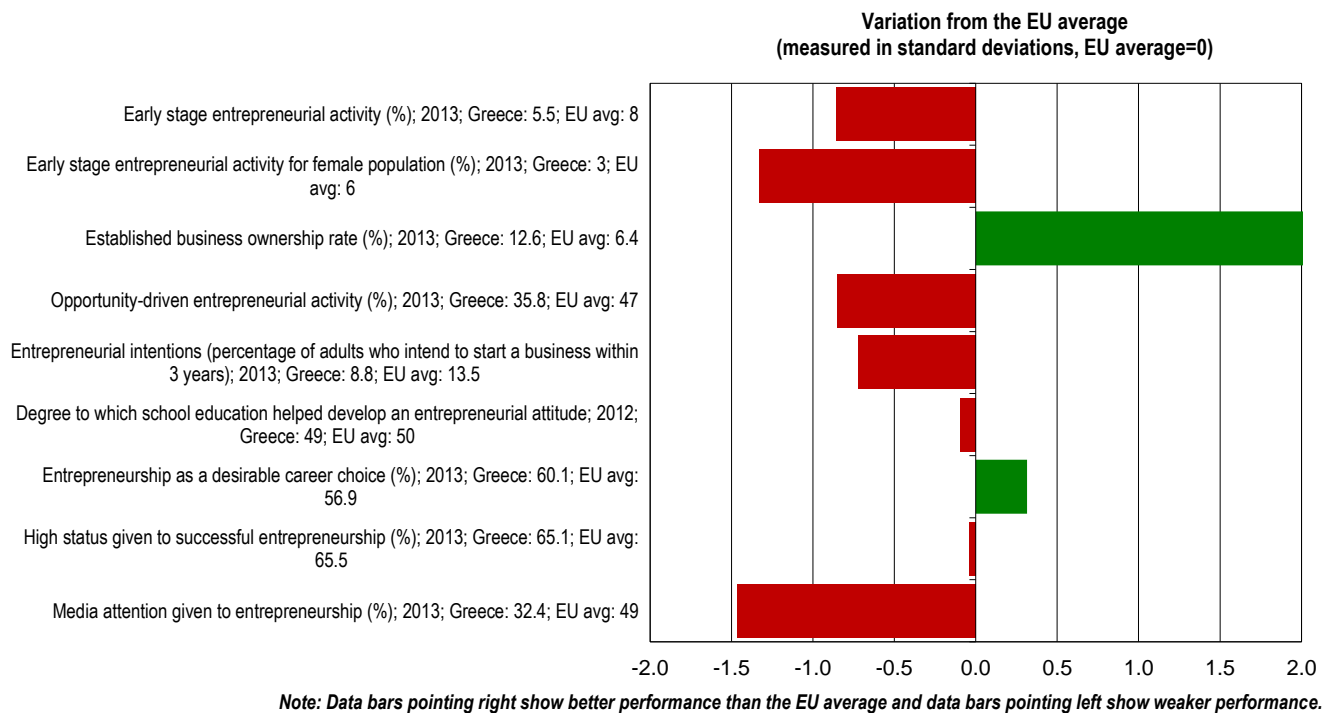


'Think small first' principle

Implementation of the 'think small first' principle in Greece is still patchy. Although regulatory impact assessments (RIAs) have been introduced, they are done on an ad hoc basis because there is no systematic evaluation of the impact of regulation.. As a result, there is no systematic SME test either. Feedback from SME stakeholders confirms that progress was made in simplifying administrative procedures in certain areas, but the use of mitigating measures, such as exemptions from legal provisions, is still rare. As the business sector also confirms, the government frequently consults SMEs and organisations representing SMEs and the SME envoy's role in that is viewed positively.

In 2013, little was done in relation to the 'think small first' principle. The most important development is Law 4072/2012 which improves the business environment. It introduced some simplified provisions on entrepreneurship and a new corporate form, the private company, to facilitate entrepreneurship, especially for SMEs. A private company is a capitalised company with limited liability. It can be set up with minimum capital of one euro and fewer publication obligations, lowering the cost. Share capital can be acquired through contributions from other assets (such as a shareholder's undertaking to work for the company) or a security for a company's debts. The minimum capital requirement of EUR 4 500 for other limited companies was removed in 2013.

Entrepreneurship



As was the case last year, Greece's performance in this area is in line with the EU average. However, according to most individual indicators the country lags behind its EU counterparts. Almost all indicators measuring early stage entrepreneurial activity or start-up activity are below the EU average. The prolonged economic crisis seems to have dampened enthusiasm for starting a new business, since most of the indicators are down from the previous year's results. The biggest gap has opened up in terms of early stage female entrepreneurship, only half the EU average (3% versus 6%), which has fallen throughout the crisis from an initial 7.7% in 2008. Media attention for entrepreneurship also waned during the crisis. In 2008, 55% of the Greek population thought that the media gave enough attention to entrepreneurship. This dwindled to only 32% in 2013. However, the level of entrepreneurship remains high even by EU standards. Greece has one of the highest proportions of microfirms in the EU, tying in with a very high established business ownership rate. At 12.6% compared to the EU average of 6.4%, Greeks are twice as likely as other EU citizens to be self-employed. Also, despite the crisis, more Greeks than elsewhere in Europe regard self-employment as a positive career choice. So while the concept of

entrepreneurship has a firm hold in society, the difficult economic circumstances prevent an increasing number of potential entrepreneurs from starting their business.

Significant policy progress was made in this area. At the beginning of 2013, the 'Women in Entrepreneurship' programme was launched, titled 'Integrated Intervention for strengthening women's employment through strengthening their entrepreneurship'. The programme's aim is to provide support and create business opportunities for women who are unemployed or risk becoming unemployed, to enable them to enter the labour market. It has two parts, one for women 18-35 years old and the second one for women 36-64 years old.

So far, 940 projects have been approved and the total allocated budget is EUR 29.6 million. It is also expected that the eligible costs of the approved projects will be paid by the end of 2014.

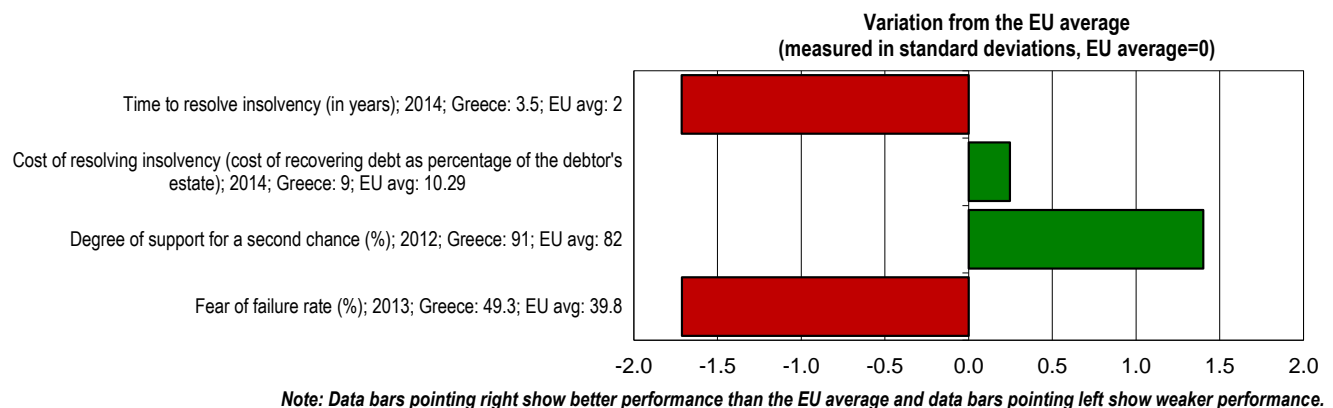
Three ministries (Employment, Development and Education) also prepared action plans to support youth employment and entrepreneurship with a budget of EUR 663 million. Under this action plan 'Youth Entrepreneurship 2013' was launched in 2013, focusing mainly on helping young unemployed people

set up innovative businesses. It covers operating costs, mentoring costs and the costs of hiring a new employee.

It includes strengthening new innovative businesses set up by previously unemployed young entrepreneurs

and consultation for businesses through mentoring. Mentoring, aimed at young unemployed people who receive financing to set up new businesses, covers both setting up and running a business. It is aimed at 7 000 young unemployed people aged 18-35.

Second chance



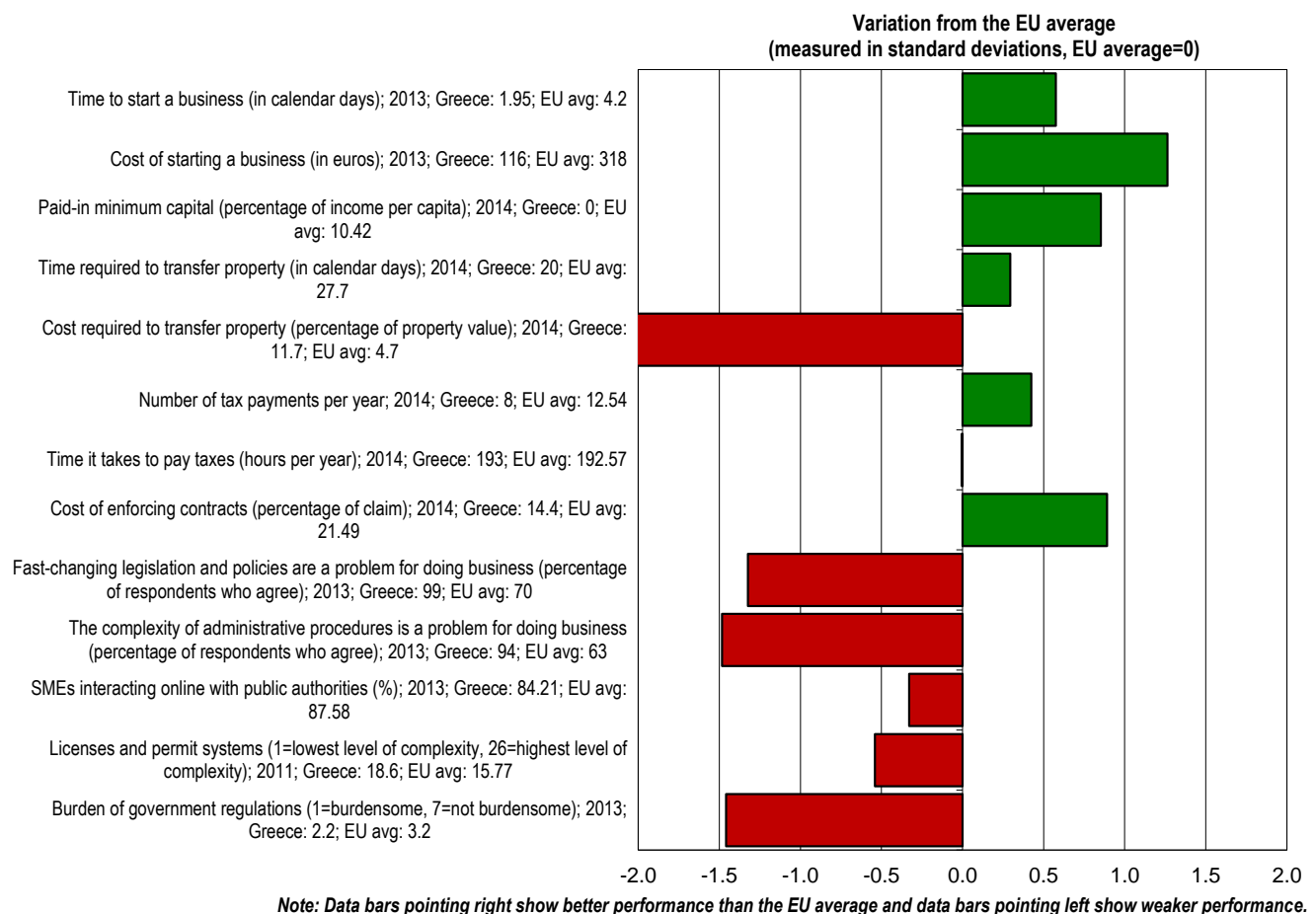
The overall score for this area has dropped below the EU average. The main reason for this is a major increase in the time it takes to resolve an insolvency case. It has gone up by one year to 3.5 years, almost twice as long as the EU average. While the fear of failure has much improved since last year (then 61 %), it is still much higher than elsewhere in the EU (49 % versus 40 %) given the riskier environment for entrepreneurs. On the upside, the economic crisis also made society more understanding of entrepreneurs who try to start a new business after a

previous one has failed. This degree of support is the highest in the EU.

Policy progress was limited in this area, with no significant measures introduced in 2013 and the first quarter of 2014.

The government has announced that it will change the Bankruptcy Law in the last quarter of 2014. The changes will relate to accelerating procedures and giving entrepreneurs who go bankrupt a second chance.

Responsive administration



Greece's score is in line with the EU average for this area, with mixed results for individual indicators. All indicators measuring the general business-friendliness of Greek administration show the country lagging behind its EU counterparts. Many more Greek entrepreneurs (99%) than in the rest of the EU (70%) say that fast-changing legislation and policies are a problem for their business. Much the same was the case in terms of the proportion of entrepreneurs who thought the administrative environment was too complex (94% on average in the EU compared to 63% in Greece). The indicators measuring the degree to which government regulation is a burden on businesses and measuring the complexity of the licensing and permit system also show Greece lagging behind its EU counterparts.

The overall situation with regard to specific administrative aspects is much more positive. It takes less time and costs less to start a business than before the crisis. The same goes for the number of tax

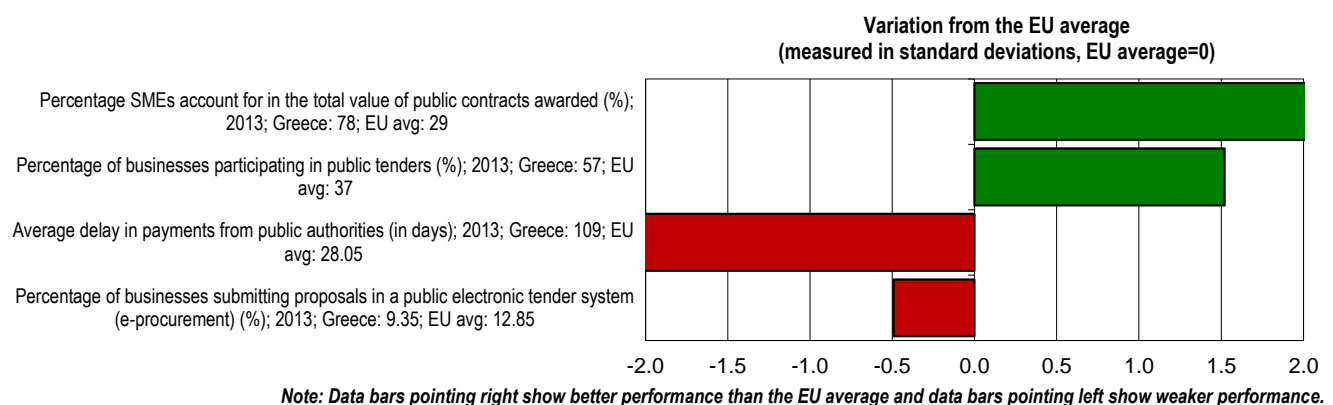
payments a year, the cost of enforcing contracts and the time it takes to transfer property. There are still some problems, such as the very high cost of transferring property. This has increased sharply throughout the crisis, from 4% of the property value to almost 12% in 2013. Nonetheless, the results for many indicators have hugely improved throughout the crisis. The time it takes to start a business fell from 30 days in 2008 to less than two in 2013. Start-up costs decreased to EUR 116 in 2013, or less than 10% of the EUR 1366 they were in 2008. All other indicators improved similarly, although less dramatically, confirming that some of the reforms begun throughout the crisis are taking effect.

Policy progress was made in this area in early 2014. In May 2014, a new framework law (4262/2014) was passed on simplifying licensing procedures covering the whole range of economic activities and complementing existing Law 3982/11. The framework law introduces broader changes with horizontal

interventions in licensing procedures across all the ministries and public bodies involved (e.g. in relation to environmental licensing, fire safety certificates) and vertical interventions relating to the licensing procedures in certain sectors (e.g. manufacturing, tourism, mining). It radically modifies the current licensing arrangements for setting up, running and expanding industrial and other activities by introducing

the concept of 'business responsibility' through 'self-compliance'. It also drastically limits the extent of public control by transferring some of the public bodies' responsibilities, such as checking the documents needed to set up and run a business or inspecting the environmental conditions of the business premises, to certified individuals.

State aid and public procurement



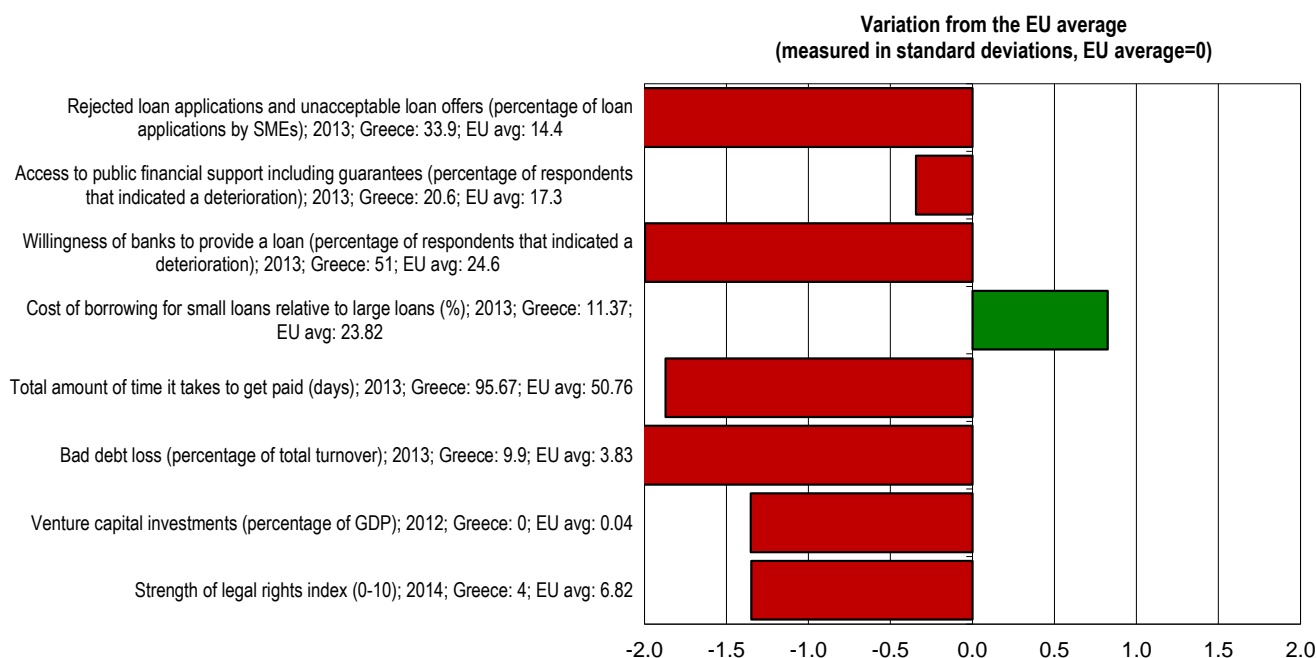
Overall, Greece's performance in this policy area is in line with the EU average, a relative improvement compared to last year. However, this is most probably as a result of some changes to the indicator base. The individual indicators vary a lot. SMEs tend to participate in public tenders much more than in the EU in general. In no other EU-28 Member State do SMEs account for the total value of public contracts awarded (78% compared to the EU average of 29%). However, the businesses that won such contracts have to wait more than three times as long as their EU counterparts to get paid (109 days compared to the EU average of 28 days). Worse, tight public finances have led public authorities to solve their financial problems by delaying payment of private service providers, causing this figure to double during the crisis, from 56 days in 2007 to 109 in 2013. Greek SMEs also

lag behind those of other EU Member States in terms of submitting tenders electronically.

Under Law 4155/2013, since July 2013 public sector contracting authorities have had the option of gradually implementing e-procurement of goods, services and works with an estimated value of over EUR 60 000. Several procurement procedures, including ones under framework agreements, have been carried out through the 'Promitheus' e-platform (www.promitheus.gov.gr). Central government must use it from July 2014 onwards.

A big step towards transparency has been taken with the use of the Central Electronic Registry of Public Procurement (Law 4013/2011) through the same platform since February 2013. Here all stages of procurement procedures for public contracts for goods, services and works with an estimated value equal to or over EUR 1 000 are published.

Access to finance



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Greece's performance in this area remains well below the EU average. All relevant indicators show that for many entrepreneurs the situation has deteriorated over the past 12 months. Compared to the EU average of 14 %, one in three entrepreneurs had their loan application rejected or received an offer with conditions that were unacceptable. The difficulty Greek SMEs have getting loans is reflected in the fact that more than half of entrepreneurs found that banks were less willing to provide loans than they were the year before. Virtually all other financial conditions in Greece are worse than in many other Member States. These include the relatively long time it takes to get paid, which has, though, come down from slightly from 113 days in 2008 to 96 in 2013. They also include the high proportion of bad debt losses (a fivefold increase from little over 2 % in 2008 to almost 10 % in 2013) that must be written off, the shortage of venture capital and the absence of strong legal rights. Only on one indicator did Greece score below the EU average: the difference between the interest rates for small and large loans.

Greece made good progress in implementing policy in this area with measures to tackle the problems related to access to finance. One important measure adopted and implemented in 2013 is the 'Business Restarting' scheme. Its main aim is to promote entrepreneurship

by helping businesses obtain finance and giving them an incentive to invest by providing loans on good terms. In the same vein, another measure has been adopted and implemented. The main aim of 'Island Entrepreneurship' is to help island tourism businesses get loans to invest in and/or develop their business. The Entrepreneurship Fund, set up under the National Fund for Entrepreneurship and Development, implements both schemes. Two other related measures the National Fund for Entrepreneurship and Development implements are the new guarantee programme launched in 2013 for issuing bank guarantee letters for medium-sized, small and very small enterprises, and the Agricultural Entrepreneurship Fund financed by the Greek Rural Development Programme 2007–13 and Piraeus Bank. Through the guarantee fund for SMEs set up under a funding agreement between the Ministry of Development and the European Investment Bank (EIB), four finance contracts of EUR 300 million were signed during 2013.

Together with the EIB, Greece has also promoted a number of initiatives aimed at meeting different financial needs.

- The JEREMIE initiative for supporting SMEs through funded risk sharing and by providing risk capital.
- The JESSICA initiative investing in regional urban projects.
- The State Guarantee Facility supporting investments for SMEs and mid-caps in manufacturing, tourism and services.
- The trade finance instrument in support of international trade.

The measure designed to create a business-friendly environment for strategic and private investments (Law 4146/2013) aims to increase liquidity, accelerate investment procedures and ensure transparency. The aim of one of its key provisions is to fast-track licensing procedures. It includes provisions on liquidity and accelerating grant disbursement procedures, as well as measures to enhance transparency and auditing procedures under Law 3908/2011 on investment. These include setting up an independent

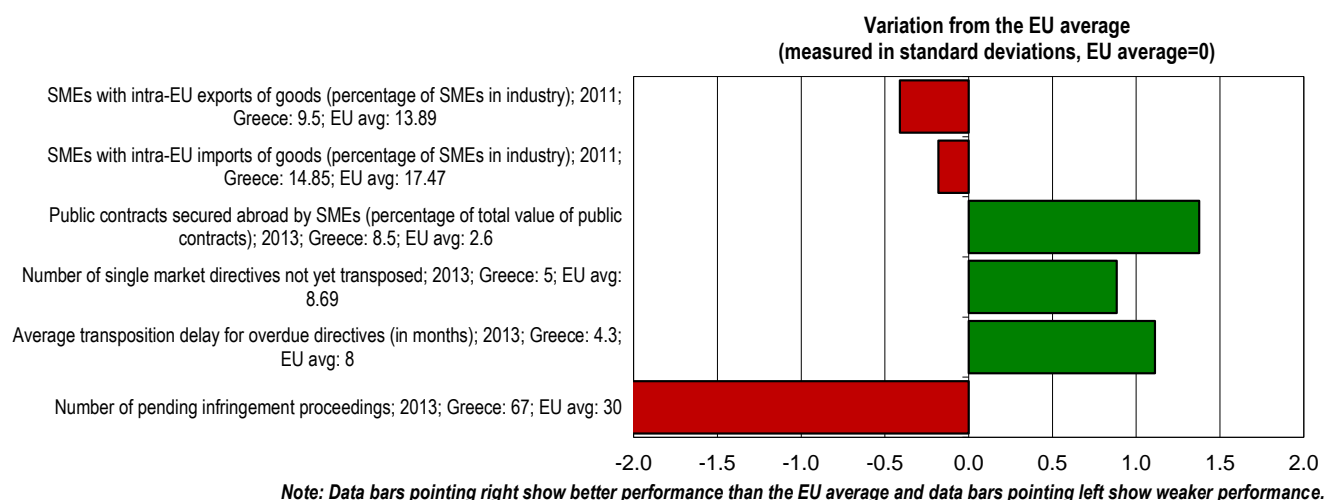
department to audit private investments to monitor compliance with the procedures governing the grants related to business plans, and to combat delinquent and unlawful behaviour.

The Institution for Growth (IfG) was set up under Law 4224/2013, an initiative of the Greek Ministry of Development and Competitiveness in cooperation with the German Government, the EU Task Force for Greece, the EIB, the European Investment Fund, the European Commission, Bpifrance and the French Government. With a total initial capital of more than EUR 500 million, the IfG will finance SMEs and infrastructure projects by providing equity and loans.

The IfG has three sub-funds:

(i) the SME debt sub-fund, set up at the instigation of the German Government; (ii) the SME growth equity sub-fund and (iii) the infrastructure sub-fund (debt or equity financing for infrastructure projects).

Single market



Greece performs in line with the EU average in this area. The performance of Greek SMEs in terms of trading within the single market still lags behind the EU average. However, the proportion of manufacturing SMEs exporting to and importing from other EU Member States doubled from 2010 to 2011. At 8.5%, Greek SMEs account for more of the value of public contracts won than the EU

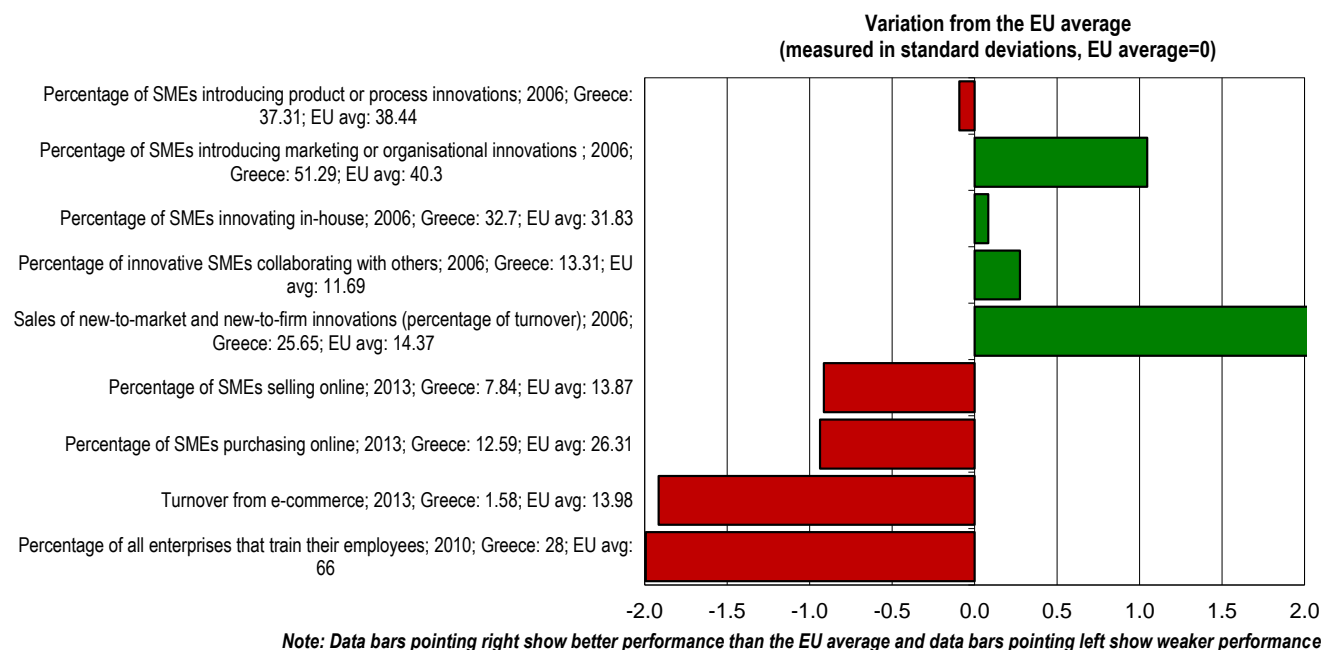
2014 SBA Fact Sheet — **Greece**

average of 2.6%. The conditions for single market trading have also significantly improved. Between 2008 and 2013, the average amount of time it takes for Greece to transpose single market legislation decreased from almost a year to slightly over four months. The number of pending infringement procedures is still the second highest in the EU after Italy, but it has decreased considerably over

the last six years (2007: 89 procedures; 2013: 67). So while there is still a lot of room for improvement in this area, the figures show that Greek SMEs are becoming more and more integrated into the single market.

Policy progress in this area was very limited however, with no significant measures introduced in 2013 and the first quarter of 2014.

Skills and innovation



Greece's performance in this policy area is in line with the EU average, but the data available for Greece is much less up-to-date than for the other Member States. This makes it hard to give an up-to-date, comprehensive assessment of the innovative capacity of Greek SMEs. They are clearly struggling to invest in innovation given the current economic instability and financial distress. The 2013 Innovation Union Scoreboard classifies Greece as one of the moderate innovators, performing below the EU average. More recent figures focusing on Greek SMEs' use of novel electronic ways of doing business confirm that they are lagging behind businesses from other EU countries. The proportion of SMEs selling and purchasing online has increased slightly over the past six years, but is still only half the EU average. Measured in terms of the proportion of turnover from e-commerce the gap is even wider (1.6% versus 14% on average in the EU). Greek SMEs and microenterprises are much less likely than their EU counterparts to provide training for their employees

and employees are less likely to participate in education and training.

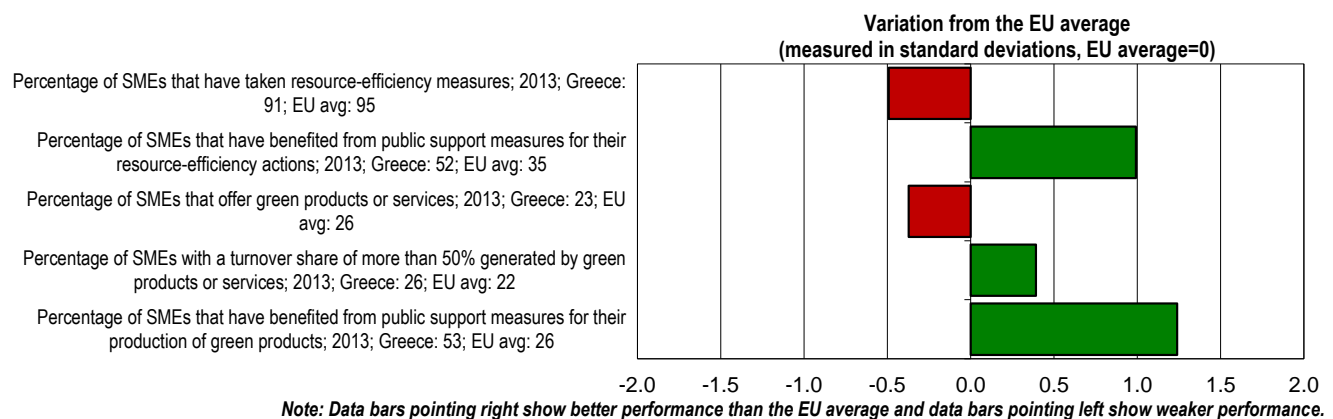
Greek SMEs managed to catch up in terms of innovation in 2013. Two related measures were an essential part of this. The first is the programme for the development of industrial research and technology — PAVET 2013. It aims to promote research and technology and innovation, the development of new or improved products or services with high added value, the transfer and adaptation of advanced technologies to traditional industrial sectors, involving companies' staff in research-, technology-, development- and innovation-related activities and getting companies more involved in research and development activities. The second is the support programme for youth entrepreneurship, focusing on innovation. It gives unemployed young people aged 18-35 a EUR 10 000 grant to start an innovative business. The government has announced, but not yet implemented, the second round of the programme supporting youth entrepreneurship. This is because it gave priority to

the programme in its first round with a six month extension.

The new Investment Law 4146/2013 provides incentives for grants, leasing and tax relief, putting emphasis on innovation, especially among young people, and on green products and services. The law

also shifted public support from grants to new financing instruments and tax incentives. In the same context Law 4172/2013 provides that R&D expenses are deducted at the increased rate of 30% from businesses' gross income.

Environment

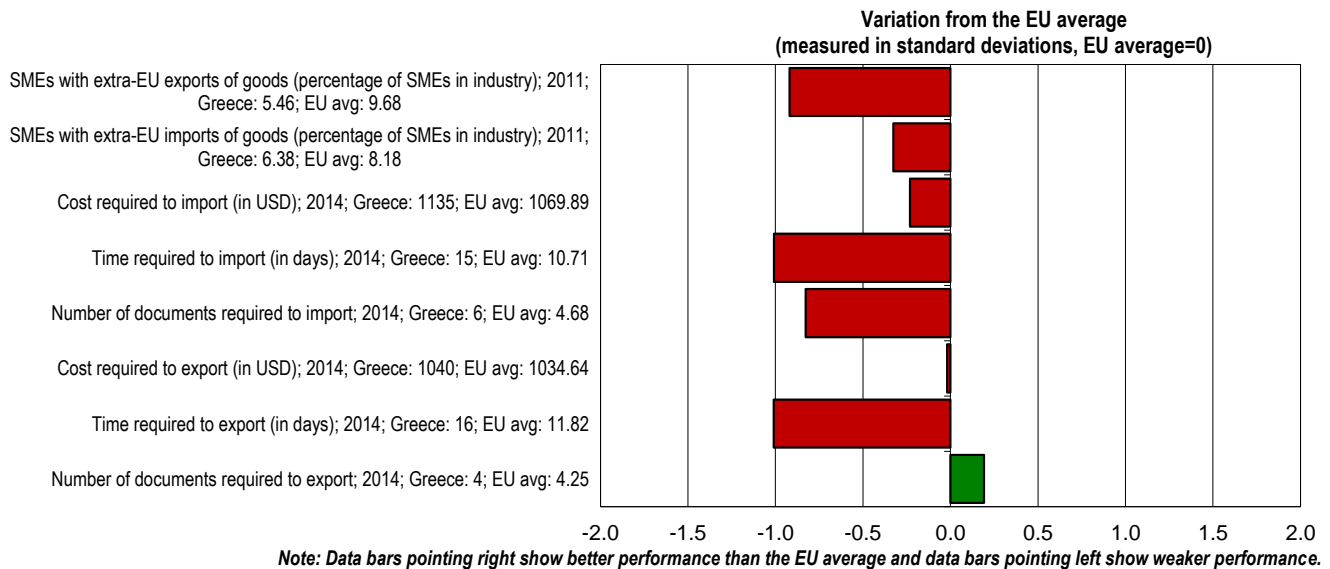


Greece's overall performance in this area is in line with the EU average. More than their EU counterparts, Greek SMEs have benefited from policy support. The proportion of SMEs that have benefited from public support for their resource-efficiency measures and for producing 'green' products or providing 'green' services, is far above the EU average. At 53%, for 'green' products and services, it is twice the EU average of 26%. This has not yet increased the proportion of SMEs investing in resource-efficiency measures or producing 'green' products and providing 'green' services. On both counts Greece still lags behind the EU average. Policy support may still have had an impact though, because the proportion of SMEs in Greece specialising in 'green' products and services is higher than the EU average (26% versus 22%).

Policy progress was moderate in 2013. The most important measure implemented in 2013 was a

programme for relocating businesses in industrial and business areas and business parks. It focused on improving competitiveness by relocating manufacturing companies in purpose-built industrial and business areas. A secondary aim was to provide incentives for improving the energy efficiency and reducing the environmental impact of the companies in question. The programme also provides incentives for a) sustainably managing environmental resources and natural beauty, b) supporting infrastructures that create economies of scale and scope, strengthening collaboration with public or other knowledge-producing organisations and facilitating the transfer and dissemination of innovative ideas, c) strengthening internationalisation of business activities, d) supporting and modernising business infrastructures, e) reducing energy consumption levels and f) helping strengthen business and employment activities.

Internationalisation



Greece's overall performance in this area is well below the EU average. Unlike in the case of trading in the single market, trading with countries outside the EU did not improve much. The proportion of manufacturing SMEs exporting to and importing from non-EU countries remained more or less the same throughout the crisis. Manufacturing SMEs, especially in need of additional markets to compensate for losses on the depressed home market, were particularly hard hit during the crisis. There are no similar statistics for the service sector. The tourism sector, however, lately reaped the benefit of increased tourist inflows, but it is not possible to do a comprehensive analysis of the sector's trading performance. Conditions for trading overseas did not improve much during the crisis. In general, it costs more and is more time-consuming for Greek SMEs to import from or export to the markets of non-EU countries than for SMEs in the rest of the EU. Some policy measures have been taken to tackle this problem over the past few years. They include developing a national export strategy and putting programmes in place to make potential exporters more competitive. Progress in this area was moderate in 2013. This is because policy measures built on

earlier ones. For example, the 'Internationalisation — Business Competitiveness II' programme was announced in 2012 and continued in 2013. The second phase of the programme built on the success of the first phase but was also much better designed following SBA best practice principles. It focuses on complete business plans combining manufacturing with internationalisation activities and promotion on international markets. 'Enterprise Greece' was set up in April 2014, expanding Invest in Greece S.A. to incorporate the mandate of the Hellenic Foreign Trade Board (Law 4242/2014). Enterprise Greece is the official business agency of the Greek State, under the supervision of the Ministry of Development and Competitiveness. Its aim is to promote investment in Greece and exports from Greece and to make it a more attractive international business partner. A key benefit of this new, integrated body is closer coordination among ministries and other public and private bodies, as well as better networking abroad among all stakeholders. The goal is to achieve greater foreign market penetration, provide comprehensive support for investors and exporters and create a more business-friendly environment.

3. Good practice

Below is an example of an interesting policy practice from Greece to show what governments can do to support SMEs:

Programme: Internationalisation — Business Competitiveness II is a programme launched by the Ministry of Development and Competitiveness.

This programme is the continuation of the 'Internationalisation — Business Competitiveness' programme launched in 2011 with a total budget of EUR 44.8 million, benefiting 746 businesses. The European Bank for Reconstruction and Development and national bodies provide the public funds for the programme. Beneficiaries are mainly existing manufacturing SMEs and existing big businesses given incentives to work closely with at least two SMEs; existing SMEs in the trade sector given incentives to collaborate closely with at least two manufacturing SMEs; individual companies in selected areas that carry out relevant activities regardless of their business experience. Activities eligible for funding include equipment and infrastructure, ICT, promotion activities, patenting and technology transfer, consultation, quality certification, accreditation and making prototypes.

The aim of the programme is to strengthen the internationalisation of existing manufacturing companies, mainly small and medium-sized and large enterprises under certain conditions. The ultimate goal is to steer the economy towards products and services that have high added value, are of high quality and are environmentally friendly and knowledge-intensive. The programme focuses on complete business plans combining manufacturing with internationalisation activities and promotion on international markets.

References:

<http://www.antagonistikotita.gr/greek/prokResultsFull.asp?id=309>, http://www.efepae.gr/eksostrefeia_2.html

Important remarks

The Small Business Act (SBA) Fact Sheets are produced by DG Enterprise and Industry as part of the SME Performance Review (SPR), which is its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information for the 28 EU Member States and nine non-EU countries which also contribute to the EU's Competitiveness and Innovation Framework Programme (CIP). Produced annually, the Fact Sheets help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member States' policies but should be regarded as an additional source of information designed to improve evidence-based policy-making. For example, the Fact Sheets cite only those policy measures deemed relevant by local SME policy experts. They do not, and cannot, reflect all measures taken by the government over the reference period. More policy information can be found on a database accessible from the SPR website. Please also see the end notes overleaf.

For more information

SME Performance Review:

http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm

Small Business Act:

http://ec.europa.eu/enterprise/policies/sme/small-business-act/index_en.htm

The European Small Business Portal:

http://ec.europa.eu/small-business/index_en.htm

Entr-SPR@ec.europa.eu

¹ The 2014 SBA Fact Sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

² The three graphs below present the trend over time for the variables. They consist of index values for 2008 to 2015, with the base year 2008 set at a value of 100. As from 2012, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008–11 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in the financial sector, agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm.

³ The policy measures presented in this SBA Fact Sheet represent only a selection of the measures taken by the government in 2013 and the first quarter of 2014. The selection was made by the national SME policy expert contracted by CARSA Spain (DG Enterprise's lead contractor for the 2014 Fact Sheets). The experts were asked to select only those measures that, in their view, were the most important, i.e. were expected to have the highest impact in the specific SBA area. The complete range of measures that the experts compiled in producing this year's Fact Sheets will be published alongside the Fact Sheets in the form of a policy database on the DG Enterprise website.

⁴ The quadrant chart combines two sets of information: first, it shows the status quo performance based on data for the latest available years. This information is plotted along the x-axis measured in standard deviations of the simple, non-weighted arithmetical average for EU-28. The vertical corridor marked by the dotted lines defines the EU average. Secondly, it reveals progress over time, i.e. the average annual growth rates for 2008–14. The growth rates are measured against the individual indicators which make up the SBA area averages. Hence, the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the rest of the EU at a given point in time, but also about the extent of progress made in 2008–14.