

Greece : Your Gateway to Southeastern Europe

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Southeastern Europe (SEE)

Europe's bridge to the Energy-Rich Regions of the Caucasus and the Middle East

- Covers an area of more than 750,000 sq.kms in the Balkans
- Contains over 62 million people, 86% of which are Orthodox Christians
- GDP in PPP USDollars (2006): \$871.3 Billion and per capita GDP of \$14,000
- Growing at 6% p.a. with low inflation rates
- Benefiting from E.U. enlargement and Euro Zone monetary and exchange rate stabilization
- High rates of FDI: \$32.6 billion in 2006
- SEE is the fastest growing region of Europe



Black Sea Region

From the Silk Road to the Oil & Gas Routes

- Straddling Europe and Asia is the Black Sea Region:
- In addition to SEE, the Black Sea Region includes Turkey, Russia, Ukraine, Georgia, Moldova, Armenia & Azerbaijan
- Covers an area of 18.5 Million sq.km around the Black Sea
- Contains over 282 million people, 67% of which are Orthodox Christians
- GDP in PPP USDollars (2006): \$2.9 trillion and per capita GDP of \$11,000
- Growing at over 7% p.a. with modest inflation rates
- High rates of FDI Inflows: US \$ 54.8 billion in 2006
- Geopolitically important as the 2nd largest oil-producing region in the world behind the Middle East and a major transit region for the supply of oil and natural gas to the World's economy

South East Europe & Black Sea Economic Area

After South East Asia, the fastest growing region of the world!

- Covers an area over 19.3 million sq.km. in the region
- Contains over 330 million people
- GDP at PPP USDollars: \$3.6 trillion
- GDP per capita of \$12,000
- Growth Rates: 6% - 7% per year
- Modest and falling inflation rates
- Foreign trade of US \$350 billion
- High & Growing FDI Inflows: US \$ 87.3 billion in 2006
- Accounts for 5.5% of World GDP to rise to 10% of World total by 2020
- Sochi, the Russian city on the East shores of the Black Sea was chosen recently as the site of the 2014 Winter Olympic Games, USD 12 billion in infrastructure development and spin-off effects for tourism in the region



Gateway to the Future

FDI in Southeastern Europe and Black Sea Region: The Fastest in the World

The fastest rate of growth in FDI flows in 2006 was to South-East Europe and the Black Sea Region

Inflows growing by 60 per cent over the previous year to US\$ 87.3 billion, the sixth year of uninterrupted growth of FDI in the region.

These flows were concentrated in six countries - Russia, Turkey, Romania, Greece, Ukraine and Bulgaria - and in a few industries, principally those linked to natural resources.

FDI to remain particularly buoyant in countries that joined the EU on 1 January 2007 (Bulgaria and Romania).

- Source: UNCTAD 2007 WIR

Advancing Economic Cooperation and Regional Integration

BSEC, BSTDB, EU & Euro Zone

In 1992 the NATO countries of Greece and Turkey joined forces with formerly Communist neighbors Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Moldova, Romania, the Russian Federation and Ukraine to form the Black Sea Economic Cooperation Council (BSEC) to boost economic cooperation, trade and development of the region surrounded by the Black Sea. The Council has been since up-graded to a regional organization and its membership expanded to include Serbia and Montenegro. Secretariat is based in Istanbul, Turkey.

In 1992 these countries agreed to establish a regional inter-governmental development bank to help finance the development of the region. The Black Sea Trade & Development Bank (BSTDB) commenced operation in 1999 and its head-office is based in Thessaloniki, Greece



Black
Sea
Trade &
Development
Bank



Euro Enlargement and Regional Economic Integration Underway

- In January 2007 Bulgaria and Romania became full members of the E.U.
- In January 2008, Cyprus and Malta join the Euro Zone and adopt the Euro as their currency
- Turkey in process of negotiations to join the E.U. by 2015
- Talks underway to begin accession talks for Western Balkan states of Albania, Bosnia, Croatia, FYROM and Serbia and Montenegro
- The BSEC and Euro enlargement are transforming the region from one of isolation and conflict to one of cooperation, peace and prosperity

SEE & Black Sea Cooperation Bare Fruits

BSEC has evolved into a major catalyst and promoter of multilateral cooperation and development in the region

- Establish free and safe transport of all forms of hydrocarbons throughout the area
- Create single regional electricity and natural gas market
- Speed up connections of their national electricity grids
- BSEC countries signed agreements for the development of a Ring-Road highway encircling the Black Sea and expanding Asia - Europe highway corridors, boosting tourism and up-grading sea transport links between the Caspian, Black Sea and Mediterranean Seas, a bold infrastructure project that will help un-lock the economic potential of the region and raise the living standards of the people

SEE and Black Sea Cooperation in Energy

Project 1: Burgas-Alexandroupolis Oil Pipeline

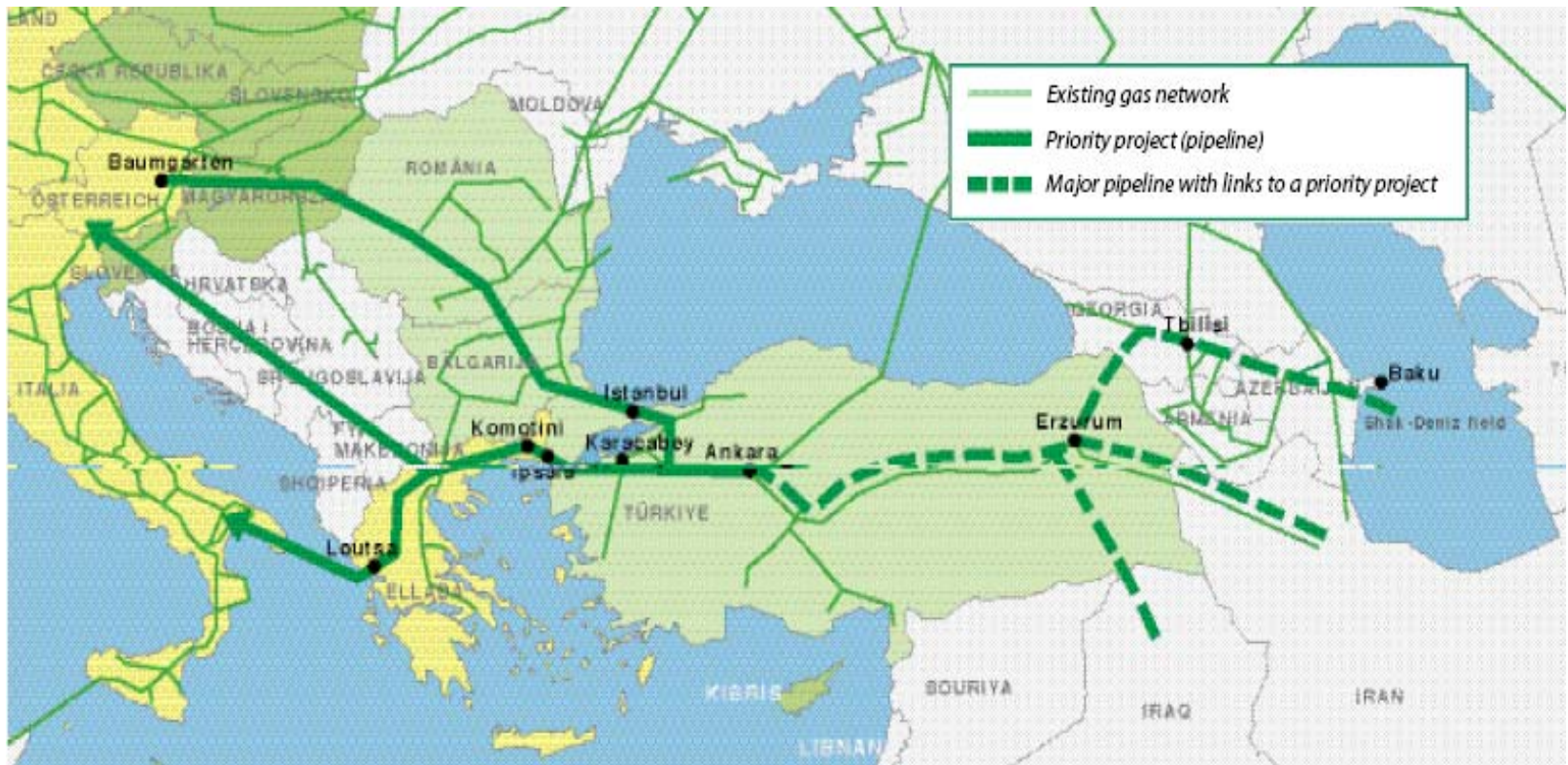
- On March 15, 2007 Bulgaria, Greece and Russia signed the agreement for the construction of a new 285 km oil pipeline from Burgas to Alexandroupolis to transport 35 million tonnes of Russian oil to the Mediterranean Sea and World Markets, by-passing the congested Straits of Bosphorus. A EUR 850 billion projected to be completed by 2009



SEE and Black Sea Cooperation

Project 2: Greek-Turkish gas pipeline integrates two networks and brings gas from the Caspian Sea Region to Greece and soon to Italy and the rest of Europe

- In November, 2007 Greece and Turkey inaugurated a 300km gas pipeline from Bursa to Komotini that will provide Greece with natural gas from Azerbaijan. When the full project is completed by 2012, the full 800 k.m. pipeline will run across Northern Greece and under water to Italy and provide 11.6 billion c.m. of gas to the E.U., its first supply of gas from the Caspian Region



SEE and Black Sea Cooperation

Project 3: Connection of electricity grids and power exchange

- Greece and Turkey have permanently linked their electricity grids with the set-up of 400KV Filippi-Babaeski line to commence full operation in January, 2008
- Greece's grid is already connected with those of Albania, FYROM, Bulgaria
- In 2002 Greece and Italy completed a 500-MW link under the Ionian Sea connecting the power grids of two countries
- Greece and the rest of SEE are now inter-connected in a competitive regional electricity market (REM) with over 55 million customers
- In October, 2005 Greece signed the treaty establishing the Energy Community between the EU and SEE and created the world's largest integrated competitive electricity market with 500 million consumers.

SEE and Black Sea Cooperation

Project 4: Italy and Russia to construct huge gas pipeline which will supply natural gas from Russia to Central and South Europe

- Gazprom of Russia and Eni of Italy agreed last week on construction of South Stream pipeline that will transport natural gas from Russia under the Black Sea to Bulgaria with two branches: a) North to Central Europe and b) South through Northern Greece to Italy under the Adriatic Sea. A EUR 10 billion project will carry 30 billion cubic meters of gas to Europe
- With all these projects Greece is developing into an important regional transit hub for energy





Other Key Developments in the Region

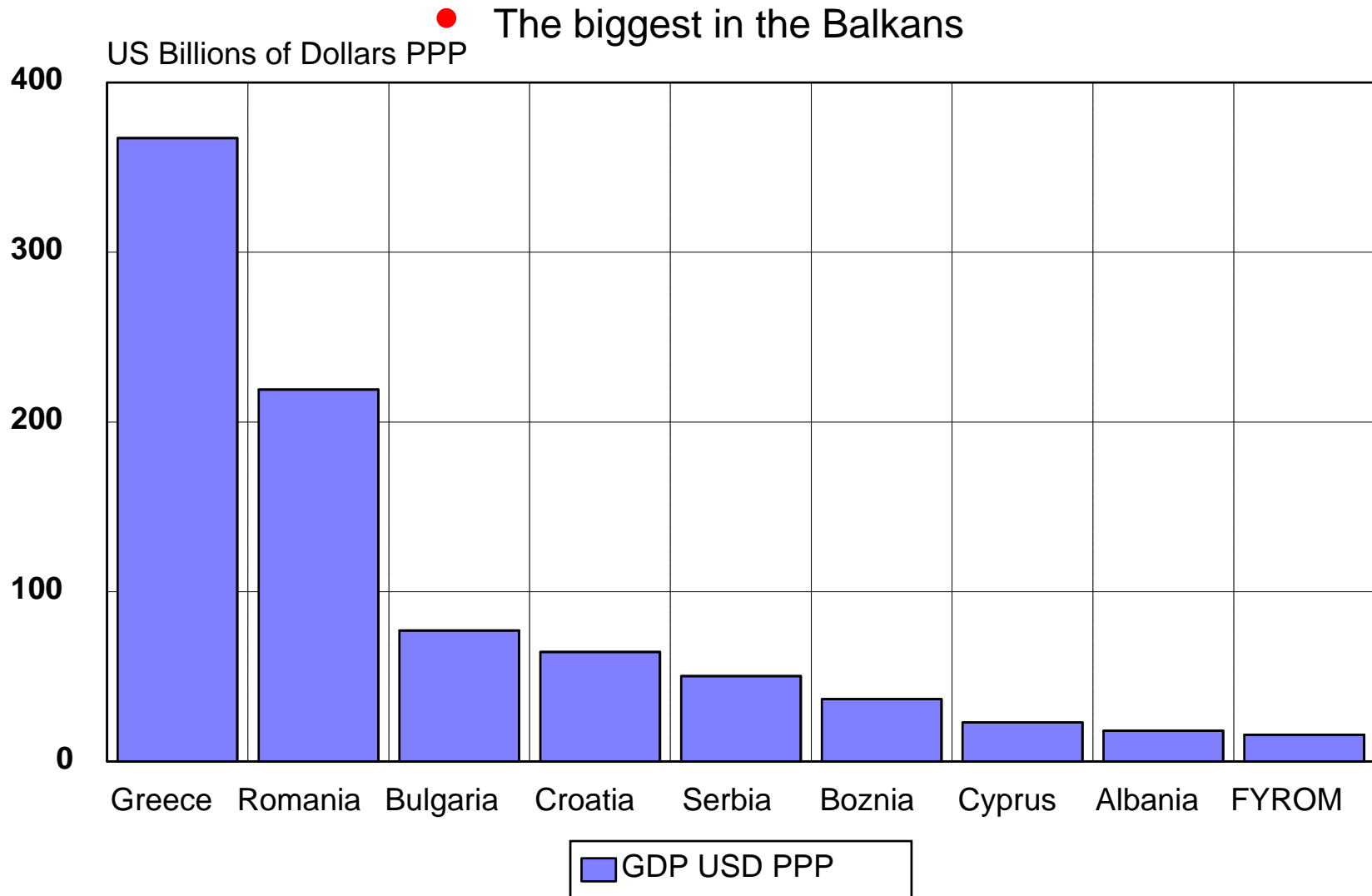
Construction boom underway in energy production and motor transport

- In 2006 Greece started deregulating energy market and opened it up to private sector competition in the energy production field. A dozen major gas-fired and wind-powered electricity generating plants are being planned or under construction, totaling EUR 5 billion
- Infrastructure and Highway construction boom under way in the region expanding and upgrading rail and road transport links between the countries
- Most noteworthy are 1) the 670 km Egnatia Odos highway linking the Ionian Sea port of Igoumenitsa to the Black Sea port of Istanbul, crossing all of Northern Greece through Thessaloniki; 2) the North-South PATHE highway connecting Athens to Skopje, Belgrade and Sofia



Why is Greece Your Gateway to the SEE & Black Sea Region?

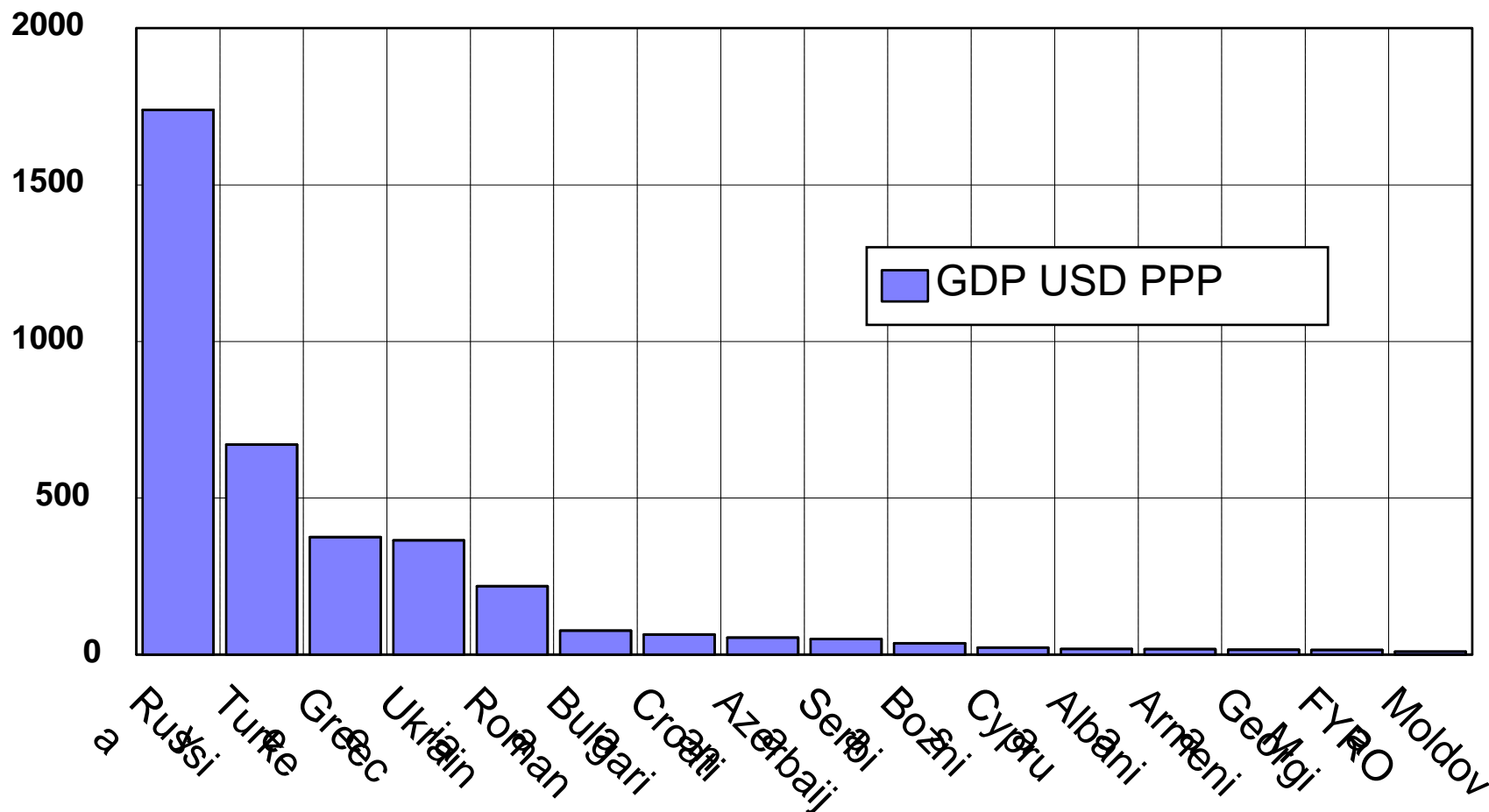
Greece has emerged as the unquestioned economic powerhouse of the SEE - region:



Why is Greece Your Gateway to SEE and Black Sea Region?

Greece, along with Russia and Turkey are the three principal rivals and now partners in the economic development of the SEE and Black Sea Region:

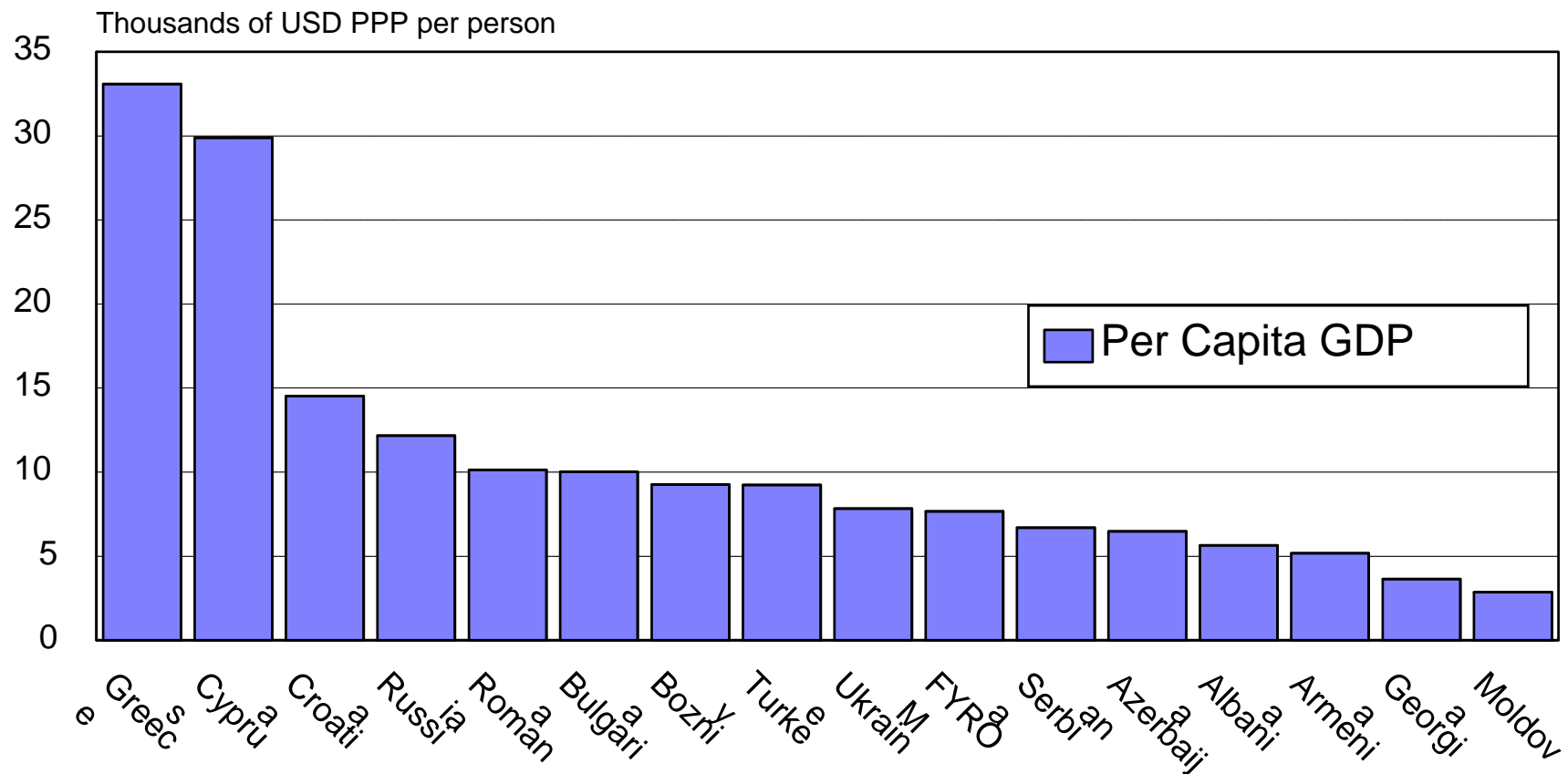
- The Big Three: Russia, Turkey & Greece



Why is Greece Your Gateway to SEE and Black Sea Region?

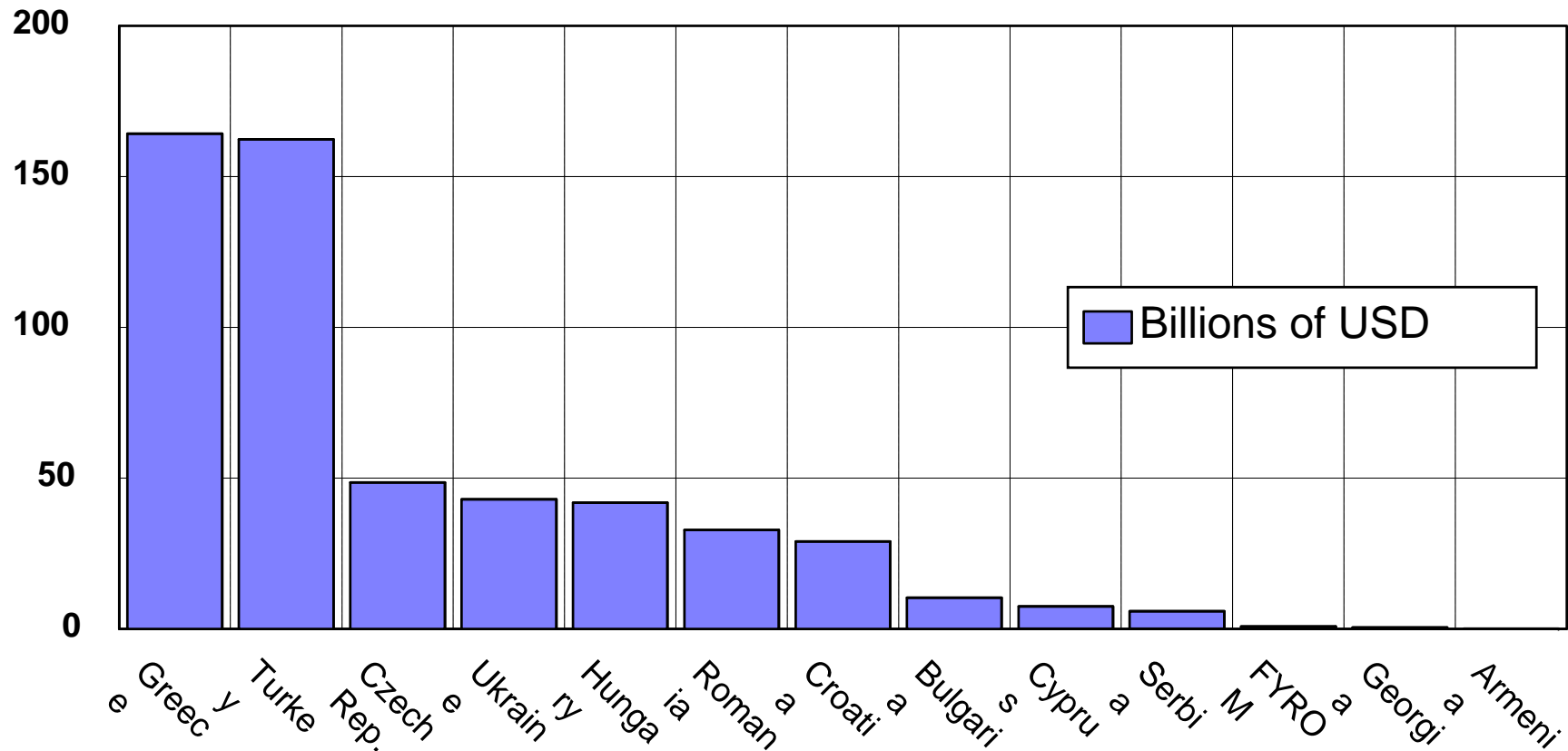
Advanced economy with high income

- Greece is the most advanced economically with the highest per capita GDP in the region: \$33,081



Why is Greece Your Gateway to SEE and Black Sea Region?

- The Greek stock market leads in market capitalization as well as being the only market in the region that is classified by *Morgan Stanley* as a mature developed market



Why is Greece Your Gateway to SEE and the Black Sea?

Interlocking memberships

- Along with Bulgaria and Romania who joined the E.U. in January, 2007, Greece is the oldest member of the E.U. since 1981, and with the most experience in EU-integration, multilateralism, cooperation and institution building
- Greece, along with Bulgaria and Romania now are the only BSEC members who are also members of the EU
- Greece along with Turkey are the only members of OECD
- Greece (and soon Cyprus) is the only member of the Euro Zone which ensures monetary and exchange rate stability
- Greece is the only member of the region who is a member of all five multilateral economic forums:
- the EU, BSEC, the Euro Zone, OECD and WTO

Why is Greece Your Gateway to SEE and the Black Sea Region?

The largest Banker, the Largest Foreign Direct Investor

- Greek banks have emerged as the largest banker to the region with a network of 3,000 branches
- Greece is the largest foreign direct investor in the region with nearly 4,000 Greek companies operating subsidiaries and total investments in excess of \$15 billion - \$ 4 billion in 2006
- Greek telecoms have built the biggest regional telecommunications networks in the region
- The Greek stock market is the only one classified as a mature developed market. With a market capitalization of 195 billion Euro (280 USD) over 300 listed companies.

Costamare Shipping



Why is Greece Your Gateway to SEE and the Black Sea Region?

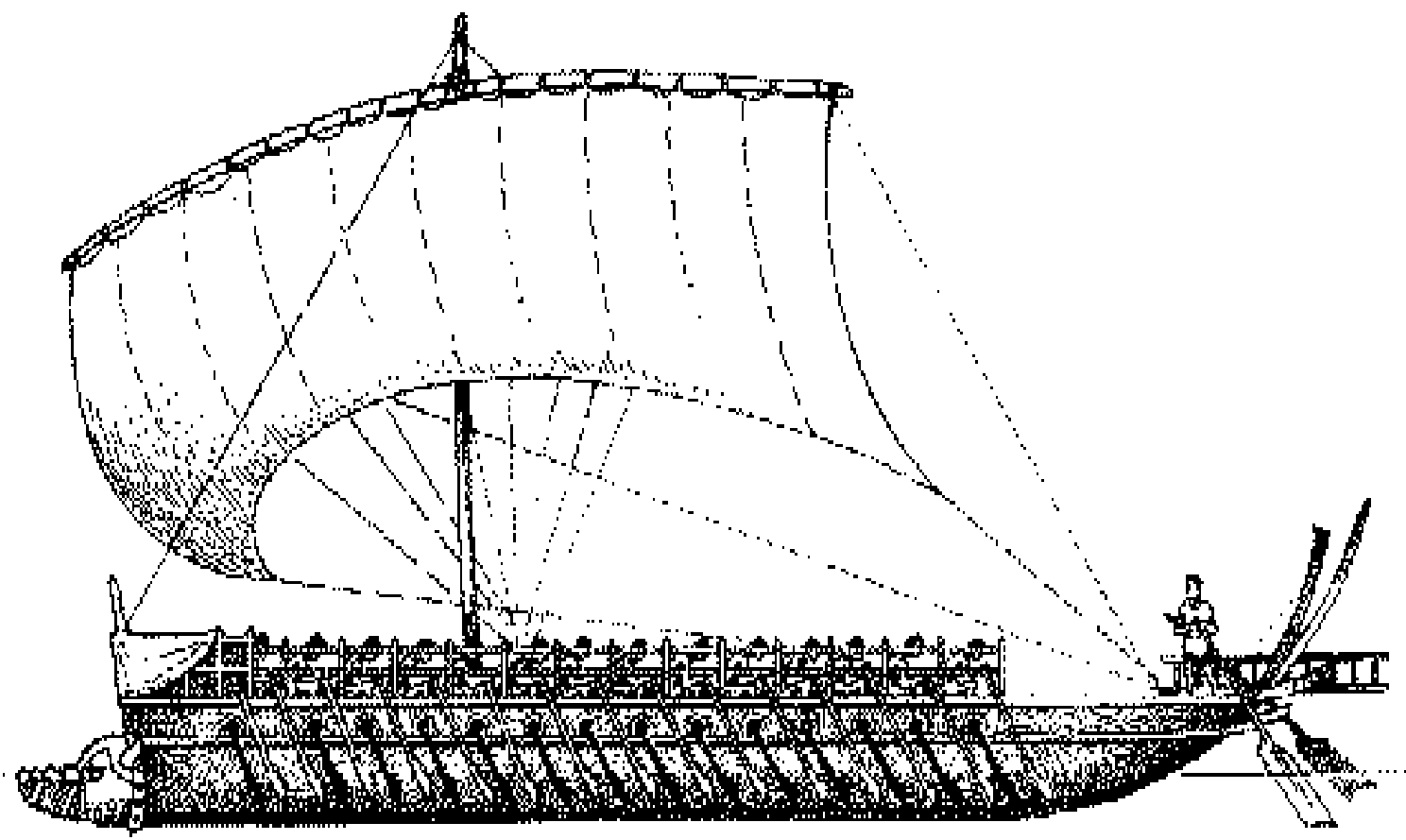
The largest maritime shipping power in the world and the biggest maritime transport and logistics hub of the region

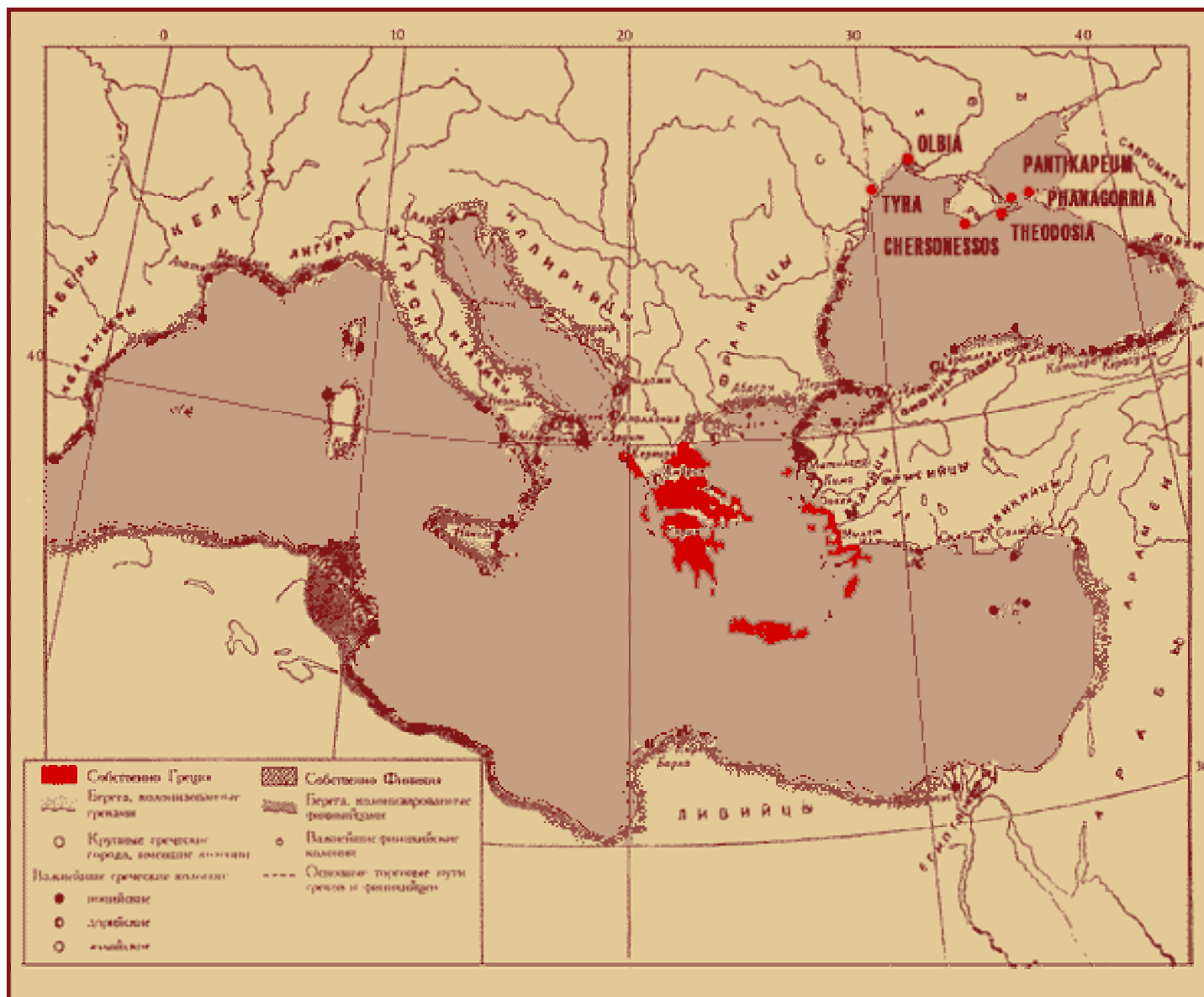
- Greek maritime shipping companies serve as the largest carrier of goods and resources in the region and in the world, owning 20% of the world's shipping vessels
- Greek ports of Piraeus and Thessaloniki are emerging as the principal maritime transport hubs and logistics centres for the Eastern Mediterranean and South East Europe
- Greece has been chosen as the European base for China's maritime transport push to Europe
- The City of Piraeus has emerged as the #2 shipping centre of Europe after London, and along with New York and Singapore one of the top 4 in the world

Greece: Key Indicators for 2006

Sound Economic Performance

- Rate of growth of real GDP: 4.3%
- Rate of consumer inflation: 3.3%
- Rate of unemployment: 8.9%
- Rate of productivity growth: 4.0% (2000-05)
- Rate of national saving: 17.0%
- Rate of gross investment: 23.4%
- Inward FDI Flows: \$5.4 Billion US
- Outward FDI Flows: \$4.2 Billion US











Why is Greece Your Gateway to SEE and the Black Sea?

From Jason and the Argonauts to Cyril & Methodius

- ***Why are Greeks interested in SEE and the Black Sea?***
- Greeks have inhabited the region continuously for over 3,000 years and still do in countries like Russia, the Ukraine, Georgia and Turkey
- It is in the Black Sea that Jason and his Argonauts sailed to find the golden fleece
- Beginning in the 9th century B.C. during the Archaic period Greeks set sail and founded as many as 1,500 Greek colonies from Spain to the Crimea, with over 400 of them in the Black Sea or “Efxinos Pontos” as it is known by Greeks

Why is Greece Your Gateway to SEE and the Black Sea Region?

One in three Greeks trace their roots to the Black Sea, Asia Minor and the Pontus

- Over the centuries Greek influence ebbed and flowed with the rise and fall of empires starting with the Persian, Hellenistic, Roman, Byzantine, Ottoman and Communism
- Although empires came and went and the large centres of economic power shifted from Athens to Ephesus to Rhodes and Alexandria and then Constantinople, Venice, Izmir, Thessaloniki and now Athens and Istanbul, it has always been the Greeks who managed the trade and commerce of the region -even under Ottoman rule all the way until the collapse of the Ottoman empire and the creation of modern Turkey in 1922 and the rise of Communism in 1917.

Why is Greece Connected to the Region?

Knowledge of history is important to understand developments in the region

- The rise of nationalism in the 18th century led to the disintegration of the multi-ethnic Ottoman empire starting with the creation of the state of Greece in 1821 and ending with the creation of Turkey in 1922
- Over this 100-year period, war and conflict replaced trade and cooperation while the rise of Communism in Russia and the expansion of Soviet influence and control in the Balkans led to the separation of the region into three parts:
 - 1) a Communist controlled Balkans and Soviet republics;
 - 2) a western allied democratic Greece and
 - 3) a Turkey that Attaturk molded into a homocultural, western-oriented modern state.

Why is Greece Connected to the Region?

The Dawn of a New Era for South Eastern Europe and the countries of the Black Sea region

- Following the fall of Communism in 1989 the iron chains that divided the North from the South of the region have been broken and a new era of democracy, market development and reconstruction has begun
- In August of 1999 a devastating earthquake shook the Northwestern part of Turkey and awakened a spontaneous feeling of solidarity amongst the Greeks who were became the first country to send rescue teams and humanitarian aid. The gesture shocked and impressed the Turks.
- In September of the same year, another earthquake shook Athens, and the Turks were among the first to send help to the Greeks. The relationship between the two old rivals had suddenly shifted. A new era of rapprochement begun.





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Why are Greeks interested in the SEE and Black Sea Region?

Greeks long to return to their ancestral homes

- The Greeks have influenced the whole region through their trade and culture rather than through conquest and domination and today are highly regarded and liked by the peoples of the region
- With the ascent of Christianity it is the Greeks who gave the Slavic peoples of the North their religion and alphabet
- Today the majority of the people of the region share the same Christian Orthodox roots and even where religion divides them share the same values and cultural traditions
- Today, the climate of hate and mistrust between the Greeks and the Turks is waning and giving rise to a new era of friendship, respect and cooperation





Greece Is Leading The Integration Process

From Zero-Sum to Positive-Sum Games

- Greece has shifted position and instead of treating Turkey as a rival treats her as an economic partner
- Greece has become Turkey's most important advocate for membership in the European Union
- The National Bank of Greece in a bold move last year became Turkey's single largest foreign investor with the acquisition of Finansbank, Turkey's 5th largest bank
- Greek Turkish bilateral trade has trippled in less than 5 years and now exceeds \$3.0 billion per annum
- Now Greeks and Turks sit in the same table and work to develop the region as partners in the interest of peace and prosperity in a way reminiscent of Franco-German cooperation following WWII, that led to the creation of the EU

European Neighborhood Policy

- The EU borders have now reached the Black Sea
- Concerned over energy security, political and social stability and development of trade and economic links with this growing neighborhood, the EU has initiated a number of programs of which the European Neighborhood Policy (ENP) is the centerpiece.
- The Black Sea is a production and transmission area of strategic importance for EU energy supply security
- It offers significant potential for energy supply diversification
- It is interested in establishing a regional Free Trade Area

Greek Companies Investing in the SEE & Black Sea Region

Some Important Examples:

- **Coca-Cola HBC (CCHBC)**: the largest bottler of non-alcoholic beverages in Europe.
- Was created in August 2000 with the merger of the Athens based Hellenic Bottling Company S.A. with Coca-Cola Beverages plc.
- Operates in 28 countries with a total population of more than 550 million, and annual sales of Euro 5.6 billion. 3rd Quarter profit up 27% from year ago 313 million euro
- Headquartered in Athens, Greece it is listed on the ASE with secondary listings in London, Australia and NYSE

Serving 550 million people
in 28 countries...



Greek Companies Investing in the Region

Some Important Examples

- **National Bank of Greece (NBG Group):**
- \$121 Bil USD in Assets
- 561 branches and 1,399 ATMs in Greece and over 1,000 branches overseas
- 9-Month 2007 Results: +66% to 1.3 Billion euro profit
- Profit Growth from SEE & Turkey now outpace growth of domestic operations
- Based in Athens, listed on the ASE and NYSE



NATIONAL BANK
OF GREECE

 **FINANSBANK**

The Creation of Region-Wide Bank Networks

The NBG branch network in the region

● <u>Country</u>	<u>Branches*</u>	<u>Employees*</u>
● Turkey	379	8,000
● Romania	122	1,604
● Bulgaria	217	2,773
● Serbia	204	2,921
● FYROM	59	1,113
● Cyprus	16	279
● Albania	25	265
● Total	1,022	16,955

Southeast Europe's Leading Telecom Provider

With over 22 million subscribers in SEE

- Hellenic Telecom Group: OTE & COSMOTE
- Euro 5.9 billion in sales in 2006 & Profit: 575 million
- Greece: 6.2 mil fixed & 5.2 mil. mobile subscribers
- Romania: 3.4 mil fixed & 1.3 mil mobile subscribers
- Albania: 1.0 million mobile subscribers
- Bulgaria: 3.3 million mobile subscribers
- FYROM: .5 million subscribers
- Serbia: 20% of Serbian Telecom
- GERMANOS: Southeast Europe's leading telecommunications retail network with 400 stores across SEE
- Listed on the ASE and NYSE

Black Sea Trade and Development Bank (BSTDB)

Your transnational development partner

- The Black Sea Trade and Development Bank (BSTDB) is an international financial institution established by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine.
- With an authorized capital of SDR 2 billion, the Bank supports economic development and regional cooperation by providing trade and project financing, guarantees, and equity for development projects supporting both public and private enterprises in its member countries.
- Based in Thessaloniki, Greece, the three largest shareholders are Greece, Russia and Turkey each with 16.5% of the shares

A New Greek Economic Miracle in the Making?

- Between 1950 and 1973, Greece's growth rate averaged 7% p.a., the second highest in the world after Japan
- Between 1950 and 2006, the per capita GDP of Greece rose from \$1,951 to \$33,081
- Greek income has risen from 85% of EU27 in 1997 to 97% in 2006
- Following the end of Cold War the regions of SEE and the Black Sea are open for business and eager for development
- Greek companies, are returning back to their traditional geographic markets after a century of upheavals

Follow the Greeks to A New Expedition in SEE and the Black Sea and Share in the “Golden Fleece”

- Having started as a poor country in 1950, the Greeks understand the challenges and aspirations of the nations of this region
- Having succeeded in developing their economy and in working in a cooperative spirit with its neighbors and in multilateral frameworks such as the EU, Greeks know best what to do to advance regional integration and economic development
- Greece is your Gateway to Southeast Europe and the Black Sea region and Greek companies are your partners in your Quest!



Follow the Greeks to A New Expedition
in SEE and the Black Sea
and Share in the “Golden Fleece”

Thank You!

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