



2019 SBA Fact Sheet

GREECE

Key points

Past & future SME performance¹:

Greek SMEs represent 63.5% of total value added (EU average 56.4%) and an employment share of 87.9% (EU average 66.6%). In 2014-2018, overall SME value added increased by 11.8%, with small firms generating the largest rise (25.7%) and micro firms showing a fall of 11.9%. The overall outlook for Greek SMEs is positive, with predicted growth of 21.3% in value added and of 13.1% in employment in 2018-2020.

Implementing the Small Business Act for Europe (SBA):

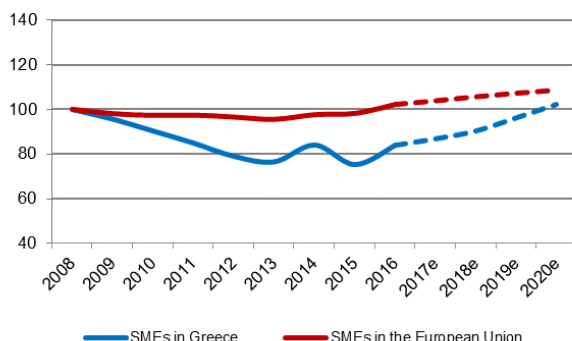
Greece is above the EU average in State aid & public procurement and in line with the EU average in two other SBA areas, 'responsive administration' and skills & innovation. The country is below the EU average in entrepreneurship and single market, however, and is one of the three worst performers in the EU in 'second chance', access to finance, environment and internationalisation of SMEs. Since 2008, there has been substantial progress in single market, 'responsive administration' and State aid & public procurement. In 2018 and the first quarter of 2019, the reference period for this fact sheet, Greece implemented 24 measures addressing 8 of the 10 policy areas under the SBA.

SME policy priorities:

Policy action is needed to improve the productivity and internationalisation of Greek SMEs. Although various activities focusing on access to finance have been launched in recent years, they need to be stepped up to further improve SME access to credit and to increase the availability to start-ups of venture capital and equity funding. Steps to reduce the fear of failure are also necessary to help new businesses grow.

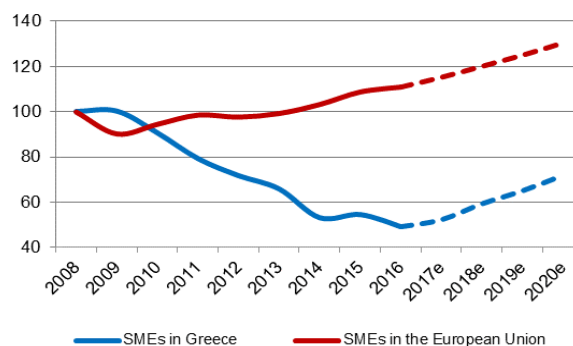
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2017 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2017 onwards)



About the SBA fact sheets:

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 it called for better monitoring. The SBA fact sheets, published annually, aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

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1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Greece		EU-28	Greece		EU-28	Greece		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	800,075	97.4%	93.0%	1,527,075	62.0%	29.7%	9.0	17.6%	20.8%
Small	18,958	2.3%	5.9%	398,514	16.2%	20.1%	11.8	23.1%	17.6%
Medium-sized	2,176	0.3%	0.9%	239,627	9.7%	16.8%	11.7	22.9%	18.0%
SMEs	821,209	100.0%	99.8%	2,165,216	87.9%	66.6%	32.6	63.5%	56.4%
Large	331	0.0%	0.2%	297,411	12.1%	33.4%	18.7	36.5%	43.6%
Total	821,540	100.0%	100.0%	2,462,627	100.0%	100.0%	51.2	100.0%	100.0%

These are estimates for 2018 produced by DIW Econ, based on 2008-2016 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, 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 following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). 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.

SMEs play an important role in the 'non-financial business economy' of Greece. They generate 63.5% of total value added (EU average 56.4%) and an exceptionally high employment share of 87.9% (EU average 66.6%). Greek SMEs employ an average of 2.6 people, about one third less than the EU average of 3.9. The two most important SME sectors, *wholesale and retail trade* and *manufacturing*, together generate nearly half of all Greek SME value added. The average productivity of Greek SMEs, calculated as value added per person employed, is approximately €15,000, roughly two thirds lower than in the EU as a whole.

In 2014-2018, overall SME value added increased by 11.8%, with small firms generating the largest rise (25.7%) and micro firms showing a fall of 11.9%. In the same period, this increase in SME value added was surpassed by a 20.6% rise in the value added of large firms, although employment dropped by 15.9% in large firms while SME employment increased by 7.5%. Most recently, in 2017-2018, overall SME growth accelerated, with SME employment increasing by 4.0% and value added by 13.7%. Small firms generated the highest value added growth of 25.5%. Despite this healthy growth, however, both SME value added and SME employment remain below their 2008 pre-crisis levels by

40.8% and 9.7%, respectively. This shows that economic recovery is still not complete.

SMEs in the *wholesale and retail trade* sector, which is the largest sector in terms of SME value added, have grown significantly in recent years. In 2014-2018, SME value added increased by 21.3% and SME employment by 6.1%. Although the value added growth of large firms, at 22.9%, was very similar to that of SMEs, performance was significantly worse in terms of employment, with a fall of 14.2%. In general, the steady rise of taxation in Greece since 2013² has led to a contraction of disposable incomes and consumption. Resulting shrinking business profits, especially in the *wholesale and retail trade* sector, have had a negative impact on employment. Since 2015, however, when Greek GDP growth resumed³, value added has increased strongly and the number of SMEs has increased markedly⁴. The striking discrepancy between SME employment growth and the decline of employment in large firms can be further explained by regulatory changes that increased the tax and insurance charges of self-employed workers. As a result, in order to cut costs, many SMEs switched from operating on a self-employed basis to operating on the basis of being a company employee⁵, which explains the rise in SME employment. Large firms, on their part, were particularly affected by increasing tax rates and falling consumption. Reducing employment costs was one way for large firms to maintain profitability, thereby explaining the fall in their employment rate.

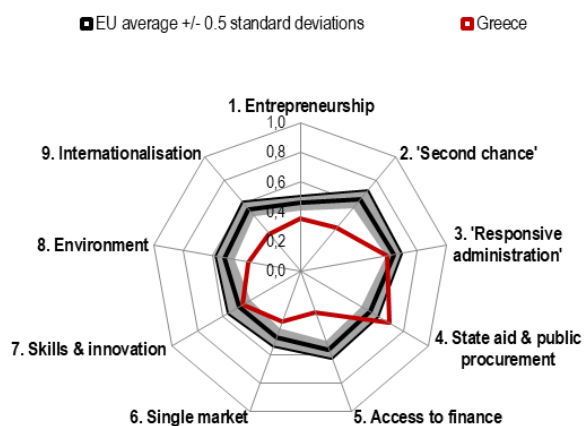
In 2014-2018, SME value added in the *manufacturing* sector increased by 15.8%, while SME employment only slightly rose by

0.4%. Although large firms generated slightly higher value added growth of 18.6% in the same period, employment fell sharply, by 14.7%, as a result of the negative impact of the Greek economic crisis on the *manufacturing* sector⁶. By contrast, the incremental increase in SME employment in 2014-2018 was mostly due to growth in the largest sub-sector, *food products*, in which SME value added rose by 15.4% and SME employment by 8.8%. The explanation lies in the synergistic relationship of this sub-sector with other sectors, such as *agriculture* and *tourism*⁷. As an example, the sub-sector *travel agency, tour operator reservation service and related activities* grew by 9.6% in terms of overall value added in 2014-2018.

In 2018, there were 34,558 new business registrations and 20,232 de-registrations in Greece. This was a 6.9% increase in new registrations and a steep drop in de-registrations of 23.0% compared to 2017, leading to a net increase of 14,326 businesses overall. In 2016, 1,920 firms (7.2% of all firms in the 'business economy'⁸ with at least 10 employees; EU average 10.7%) were high-growth firms⁹, an increase of 1.2 percentage points in 2015-2016. In 2018, Greek SMEs in the specialised *knowledge-intensive services* and *high-tech manufacturing* sectors, both of which are usually R&D intensive, accounted for 24.5% of SME value added in the manufacturing and services sectors. This is significantly below the EU average of 33.0%.

For Greek SMEs, the outlook is positive overall, with predicted growth in value added of 21.3% and in employment of 13.1% in 2018-2020. As a result, around 284,400 new SME jobs are likely to be created by 2020, predominantly in micro firms.

2. SBA profile¹⁰



Greece's performance is below the EU average in 8 out of the 10 SBA policy areas. The country has among the lowest scores in the EU in 'second chance', access to finance, environment and

internationalisation. Greece is also below the EU average in entrepreneurship and single market. On a positive note, the country is above the EU average in State aid & public procurement, and is in line with the EU average in 'responsive administration' and skills & innovation, where it has improved its performance since the previous reference period.

Since 2008, the SBA has acted as a driver for the implementation of several reforms and measures, initiating and facilitating the implementation of administrative and institutional changes. As an example, the SBA facilitated the amendment of the insolvency law and the adoption of new instruments such as guarantees for loans. A number of SBA recommendations have still not been implemented, however. This is especially the case for environment, where none of the SBA recommendations have been implemented. Further policy efforts are also needed in entrepreneurship, 'think small first' and 'second chance', areas where a majority of SBA recommendations have yet to be adopted.

The Greek government published a strategic document to further improve and facilitate the implementation of the SBA recommendations. This document, the 'National Development



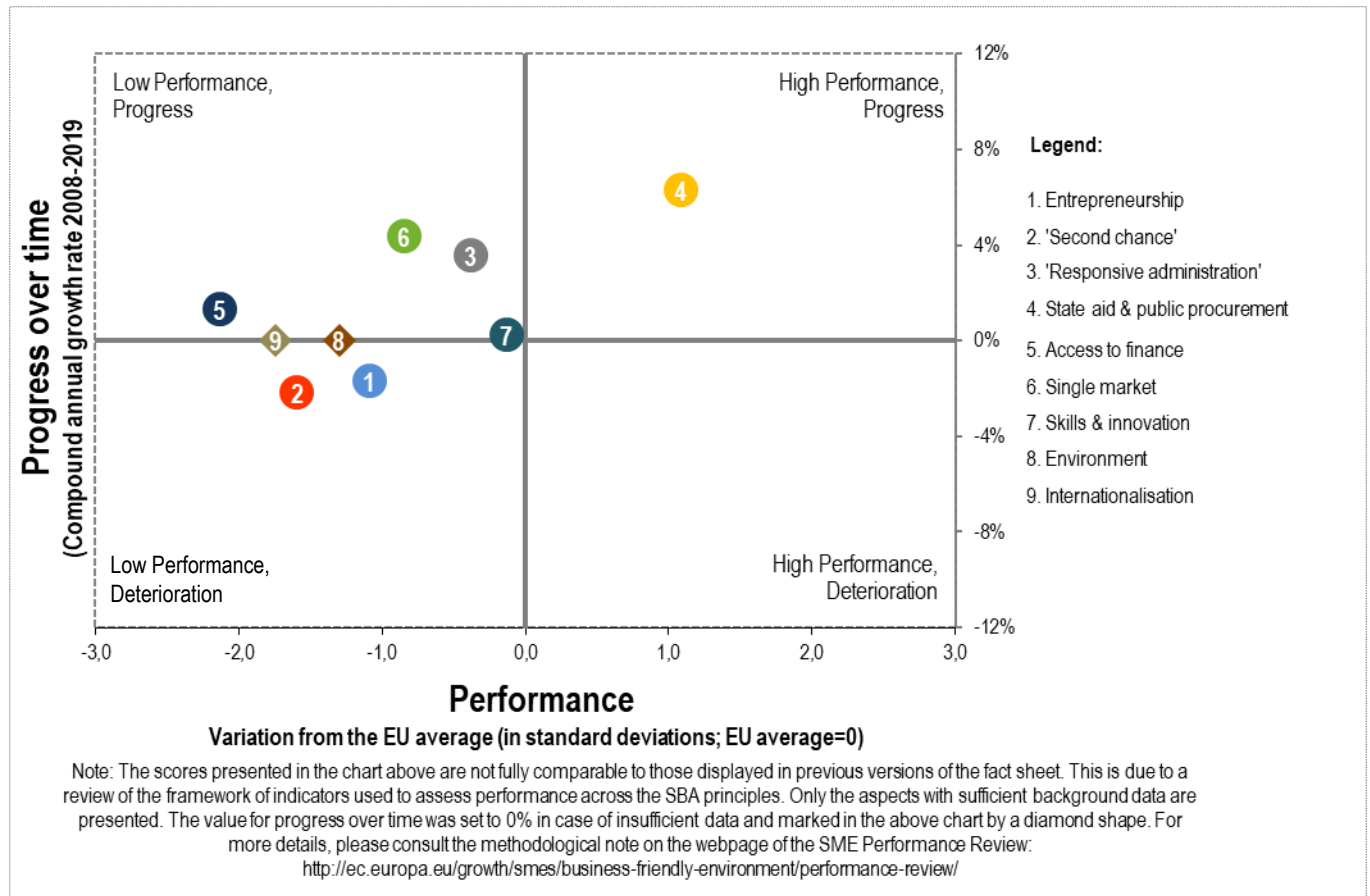
Strategy', was produced in discussion with the country's stakeholders, and contains 220 proposals¹¹. These proposals include reforms to the judicial system to accelerate proceedings and to expand the out-of-court settlement mechanism for private debt. Some of these reforms were being implemented during the reference period.

In the reference period, Greece adopted 24 policy measures addressing 8 of the 10 SBA policy areas. Access to finance is the area that recorded the most activities, with eight measures implemented during the reference period. The following four investment programmes were also announced, to be

implemented by the end of 2019: '4th industrial revolution', 'Made in Greece', 'Ep-Anodos' and 'Debt Fund'.

In 'responsive administration', four measures were implemented to improve the business environment and modernise the regulatory framework. Only two measures were implemented in skills & innovation and only one in each of the areas entrepreneurship, 'second chance' and single market. No new significant measures were adopted or announced for 'think small', State aid & public procurement, internationalisation or environment.

SBA performance of Greece: state of play and development from 2008 to 2019¹²



3. SBA principles¹³

3.0 ‘Think Small First’

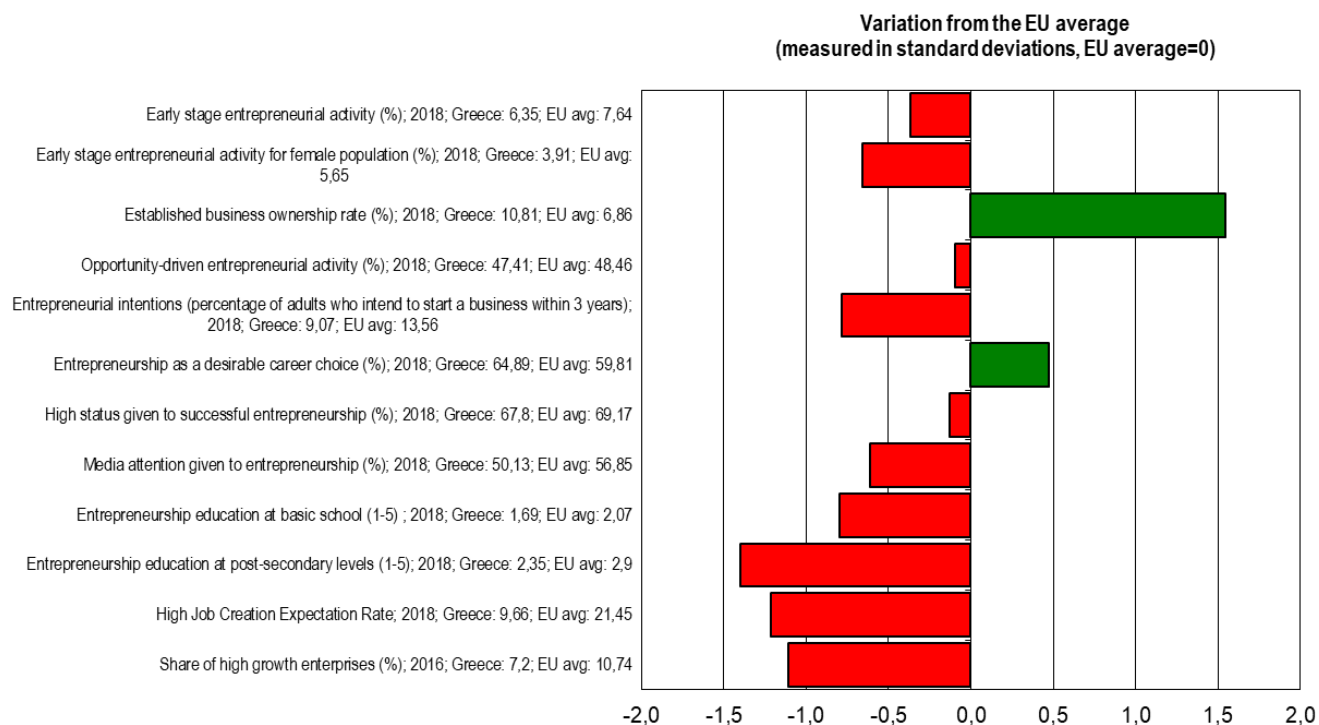
The ‘think small first’ principle is meant to be a guiding principle for all policy- and law-making activities. It requires policymakers to take SME interests into account in the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

While Greece has implemented several of the SBA recommendations under the ‘think small first’ principle since 2008, some gaps remain. The ‘SME test’ is not yet systematically applied and there is no ‘common commencement date’ for all new legislation and amendments to existing

legislation relevant to SMEs. Nor have any specific targets been set for the reduction of administrative burdens.

No significant new measure was adopted or announced during the current reference period, apart from the adaptation of the National Observatory for SMEs to the needs of the new Development/Industrial policy 2020-2030 and the SME policy. New features include specific actions to support SME needs, and related policies. Moreover, Law 4549/2018 provides favourable tax exemption and taxation arrangements for small businesses, provided that in the previous tax year, they supplied goods and/or services worth up to €10,000 (excluding VAT).

3.1 Entrepreneurship



Greece’s overall performance in entrepreneurship, and the majority of indicators in this policy area, remain below the EU average. Its overall score has been trending downwards since 2008. Post-secondary education in entrepreneurship is one of the poorest in the EU, and entrepreneurship education at primary

school is also ranked below the EU average. The established business ownership rate is largely above the EU average, but has trended downwards since 2016. Moreover, the high job creation expectation rate declined since last year, having doubled between 2015 and 2016. The entrepreneurial activity rate for

the active female population is below the EU average, even though there were improvements on last year. Media attention given to entrepreneurship has significantly improved since 2016, and entrepreneurship is considered a desirable career choice by 65% of Greeks.

Since 2008, several measures have been taken to simplify the creation of new businesses in an effort to reduce the unemployment rate. Grants were provided to young people and women to create new businesses. Policy efforts have supported the development of start-ups and scale-ups in Greece.

For instance, the Equifund, launched in 2017, with a total budget of €450 million, provides early stage, seed and growth stage private equity funding. In 2018, the fund invested €15 million in different Greek scale-ups and start-ups.

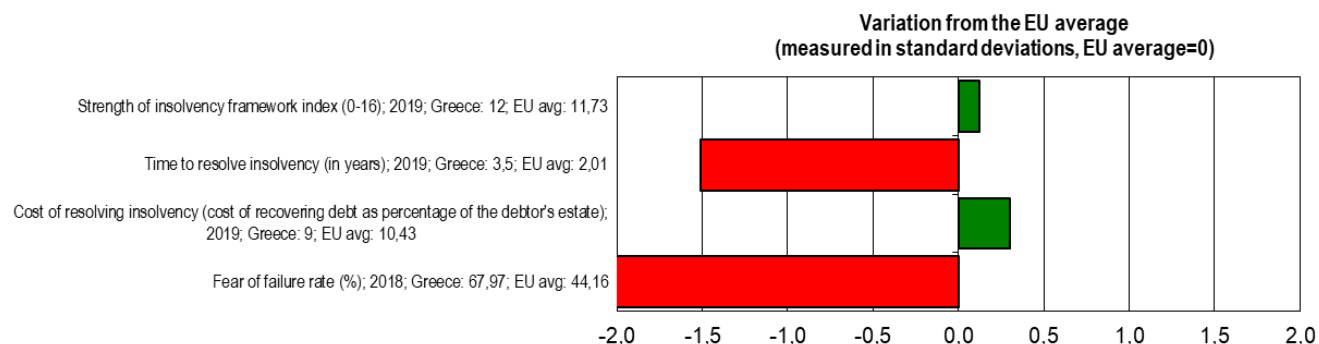
Just one significant new measure was implemented during the current reference period. Announced during the previous period, the Centres for the Support of the Social and Solidarity Economy

(SSE) (Κέντρα Στήριξης της Κοινωνικής και Αλληλέγγυας Οικονομίας) were established to provide support to social entrepreneurs. Each SSE centre will receive initial funding of €127,000 to finance its establishment and daily operations.

These centres are envisioned as points of contact between the public and the SSE economy, and will advertise SSE services and organisations. Entrepreneurs interested in launching new SSE initiatives, and established organisations, will also receive guidance and counselling.

In the tourism sector, Law 4582, adopted in 2018, sets out a legal framework to regulate and modernise institutional issues that address tourism entrepreneurship, thematic tourism, and tourism education.

3.2 ‘Second chance’



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

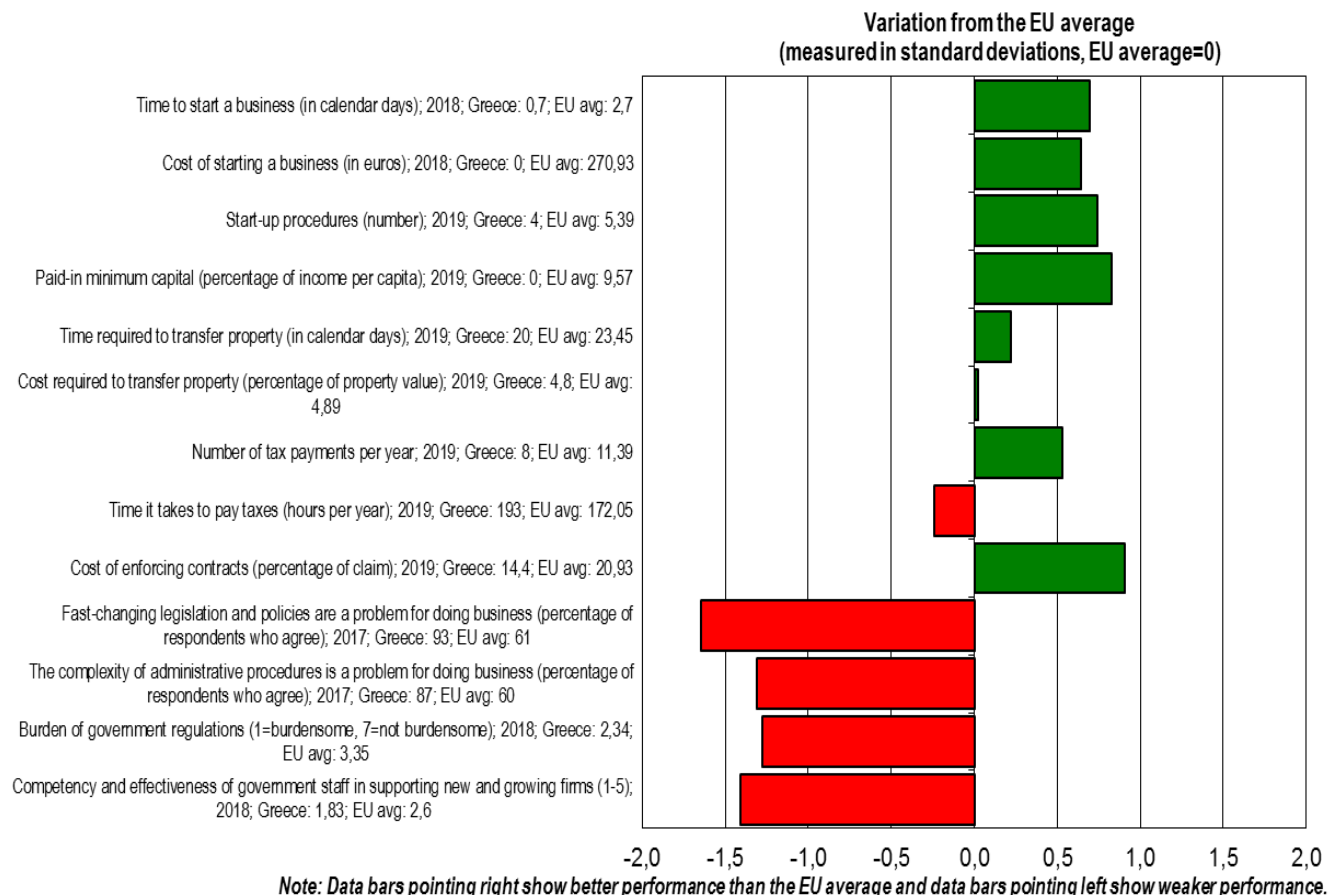
‘Second chance’ refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Greece’s performance in ‘second chance’ is one of the lowest in the EU, and the country’s performance has deteriorated since 2008. Fear of failure, which discourages people from starting a business, rose by 13 percentage points since the last reference period to a rate of 68%, the highest in the EU. This rise has been continuing since 2015. Furthermore, the time taken to resolve insolvency has not changed since 2014 and, at 3.5 years, is also the longest in the EU. However, on a positive note, both the cost of resolving insolvency and the strength of the insolvency framework are in line with the EU average.

Despite the introduction of a number of reforms since 2008, most of the SBA recommendations have not been implemented in this area. Honest re-starters are still not put on an equal footing with new start-ups, and honest entrepreneurs are still

not able to be automatically discharged after liquidation. In 2017, only 114 bankruptcy procedures were completed¹⁴, highlighting the need to introduce fast-track bankruptcy procedures. The most important measure to accelerate bankruptcy procedures is the ‘Out of Court Debt Settlement mechanism for businesses & other provisions’ (Law 4469) adopted in 2017. Initially planned as a temporary solution, the measure was considered successful and the government extended its duration until the end of 2019.

The most important measure adopted during the current reference period is the ‘Second Chance Business Scheme’ (Πρόγραμμα δεύτερης επιχειρηματικής ευκαιρίας). Implemented by the Manpower Employment Organisation (OAEΔ), an initiative that aims to reintegrate into the workforce 5,000 unemployed people who have discontinued their business activities. Participants will receive grants to start a new business.

3.3 ‘Responsive administration’



‘Responsive administration’ refers to public administration being responsive to the needs of SMEs. Greece performs in line with the EU average in ‘responsive administration’, and notable improvements have been achieved since 2008. This positive trend can be partly explained by the reduction of the cost of starting a business and the now zero paid-in minimum capital required. Procedures for starting a business have also been simplified. While it took 30 days to start a new business in 2007, the procedure now takes less than a day. In addition, the cost of contract enforcement is only 14% of the claim, one of the lowest in the EU.

Many indicators could be further improved, however. Greece has among the highest share (93%) of businesses which believe that doing business is made more difficult by fast-changing legislation and policies. Similarly, 87% of surveyed businesses – the highest share in the EU – believe that the complexity of administrative procedures is a problem for doing business. Moreover, despite positive improvements since 2015, the competence of government staff in supporting new and growing businesses is perceived to be one of the lowest in the EU. In

addition, regulation is perceived to be burdensome on businesses.

Since 2008, numerous initiatives have been adopted under the ‘responsive administration’ principle. For example, the ‘Notify business’ online portal was launched recently to simplify, standardise and speed up administrative procedures for business notifications, including those for obtaining business licences.

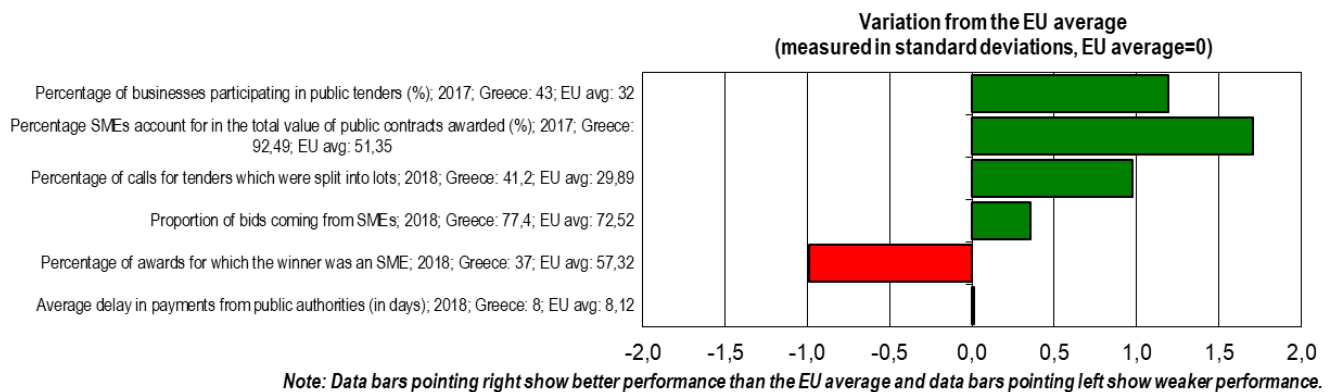
The following measures were adopted in the reference period.

- ‘One-stop shops for the establishment of companies’ (Λειτουργία υπηρεσιών μιας στάσης για τη σύσταση εταιριών) establishes the details of the launch of a one-stop-shop to provide simplified and streamlined procedures for starting a new business.
- ‘Law 4548/2018 on Sociétés anonymes’ (ΝΟΜΟΣ ΥΠ’ ΑΡΙΘΜ. 4541 περί Ανωνύμων Εταιριών) revises and simplifies the legal code on the ‘Société anonyme’ company form.

- ‘Law 4541/2018 on Limited Liability Companies’ (ΝΟΜΟΣ ΥΠ’ ΑΡΙΘΜ. 4541 περί Εταιρειών Περιορισμένης Ευθύνης) codifies provisions on limited liability companies.
- ‘Law 4512/2018 (Articles 177-406) – Arrangements for the implementation of the structural reforms of the economic Adjustment Programmes and other provisions’ covers business operation, mediation, and modification of the bankruptcy code.
- ‘Law 4605/2019 (Εναρμόνιση της ελληνικής νομοθεσίας με την Οδηγία (ΕΕ) 2016/943 σχετικά με την προστασία

της τεχνολογίας και των επιχειρηματικών πληροφοριών που δεν έχουν αποκαλυφθεί (εμπορικό απόρρητο) από την παράνομη απόκτηση, χρήση και αποκάλυψή τους - Μέτρα για την επιτάχυνση του έργου του Υπουργείου Οικονομίας και Ανάπτυξης και άλλες διατάξεις). Under Article 56 Chambers of Commerce may establish ‘business support structures’ (CEOs). The purpose of the CEOs is to support businesses by informing and facilitating stakeholders in all sorts of business on issues related to the realisation and further development of their investment plans.

3.4 State aid & public procurement



Important methodological changes have been introduced for this principle in this year’s fact sheet. Three new indicators from the Tenders Electronic Daily (TED) database have been added and refer to procurement above EU thresholds:

- percentage of awards for which the winner was an SME;
- proportion of bids by SMEs;
- percentage of calls for tender which were split into lots.

In addition, the indicator on e-procurement has been removed. Therefore, the overall performance in this area cannot be compared to last year’s.

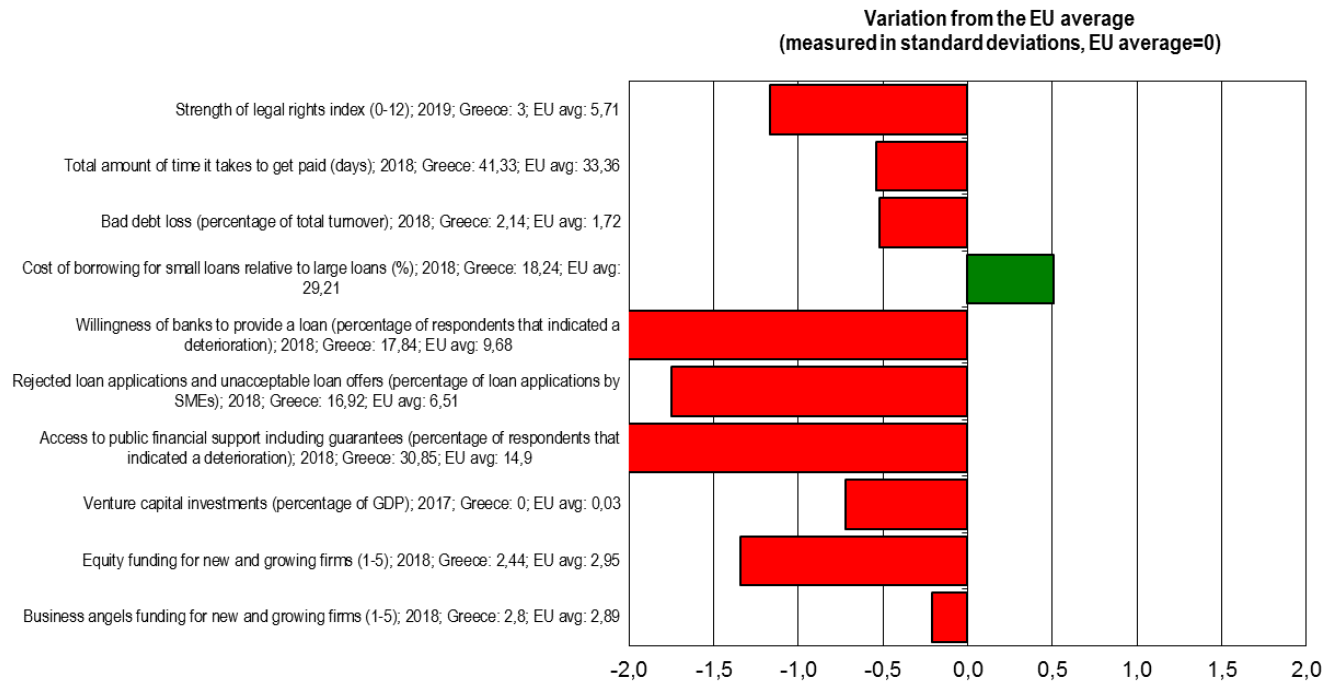
Greece ranks above the EU average in State aid & public procurement, having achieved substantial progress since 2008. This good performance can be partly explained by the increase in the share of tenders split into lots, from 9% in 2010 to 41% in the current reference period. Furthermore, Greek SMEs account for 92% of the total value of public contracts awarded, which is

the third highest rate in the EU. In addition, the average delay in payments from public authorities has been reduced by 15 days since the last reference period, to 8 days, which is now in line with the EU average.

Since 2008, Greece has taken steps to implement most of the SBA recommendations in this policy area. The General Directorate for Public Contracts and Procurement (the central purchasing body in Greece), and the National Action Plan for Public Procurement of the General Secretariat of Commerce and Consumer Protection¹⁵ have directed Greece’s policy actions. Furthermore, the transposition of EU Directive 2014/24 on public procurement helped boost the participation of SMEs in public procurement by, for example, mandating that tenders are split into lots.

No new significant measure was adopted or announced during the current reference period.

3.5 Access to finance



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

Greece is one of the weakest performers in the EU in access to finance. Almost all of the indicators are below the EU average. Venture capital is not available in Greece, and the surveyed experts have estimated the availability of equity funding for new and growing firms in Greece to be one of the lowest in the EU.

Greece is also among the worst performers in three additional indicators: share of rejected or unacceptable loans to SMEs, the willingness of banks to provide a loan, and access to public financial support. However, notable improvements have been observed in these three indicators over the past 3 years. Rejected or unacceptable loans dropped from 29% in 2016 to 17% in the current reference period. Similarly, the rate of surveyed stakeholders that mentioned a deterioration in the willingness of banks to provide a loan declined from 47% in 2015 to 18% in the current reference period. The share of surveyed stakeholders indicating a deterioration in access to public financial support declined from 69% in 2015 to 31% in the current reference period.

Substantial policy progress has also been achieved since 2008. The Greek government launched a series of measures to support the technological/digital transformation of SMEs, and new funding instruments were established such as the Equifund and tax incentives for new investment projects (Law 4399/2016).

Several new significant policy measures were launched during the current reference period.

- The 'Digital jump' (*Ψηφιακό Άλμα*) programme will provide funds ranging from €55,000 to €400,000 to support SMEs in their digital transformation.
- 'Digital step' (*Ψηφιακό Βήμα*) will provide subsidies to selected micro firms and SMEs that submit a digital investment plan to increase digital maturity. The subsidies will range from €7,000 to €50,000.
- The 'Quality modernisation' (*Ποιοτικός εκσυγχρονισμός*) programme will provide subsidies to medium-sized companies to certify and standardise production processes.
- Law 4399/2016 on 'new independent SMEs' (*Νέες Ανεξάρτητες ΜΜΕ*) sets up a support scheme for start-ups that are planning to make an investment in launching new business initiatives.
- The 'Synergies and networking/clustering' (*Συνέργειες και Δικτυώσεις*) scheme will provide grants, subsidies and tax relief to companies that are a part of industrial alliances. The objective is to increase the competitiveness of companies through deepened networking and better exploitation of synergies.
- The 'Business financing programme' (*Επιχειρηματική Χρηματοδότηση*), part of Entrepreneurship Fund II

(TEPICH II), provides loans with low interest rates to micro firms and SMEs to support business development projects.

- The 'Competitiveness toolkit for small and micro enterprises' (*Εργαλειοθήκη Ανταγωνιστικότητας για Μικρές και Πολύ Μικρές Επιχειρήσεις*) provides funding ranging from €20,000 to €200,000 to selected micro firms and SMEs that submit an investment plan to modernise their operations/production processes.
- 'Entrepreneurship toolkit: commerce - food services - education' (*Εργαλειοθήκη Επιχειρηματικότητας: Εμπόριο - Εστίαση - Εκπαίδευση*) provides funding ranging from €10,000 to €150,000 to selected micro firms and SMEs that submit an investment plan to upgrade their operational efficiency in the areas of energy consumption, ICT use, hygiene and safety, supply chain and system certification.

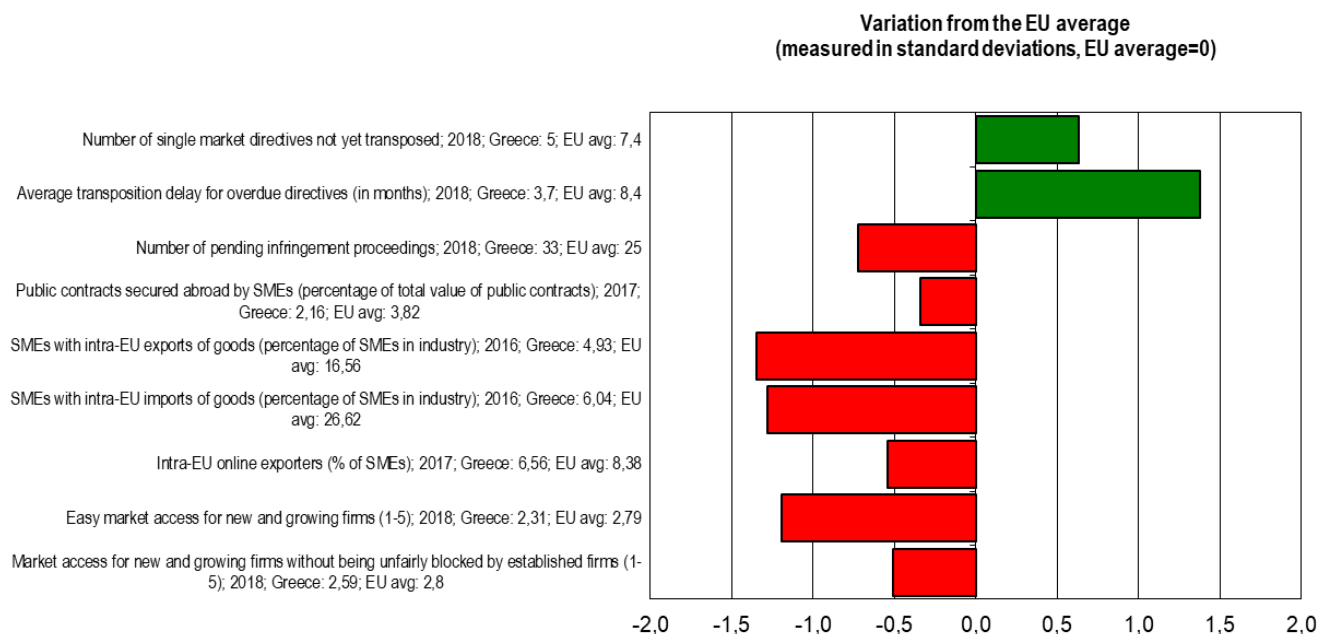
The 'SME Pre-listing support programme' (*Πρόγραμμα υποστήριξης ΜΜΕ*). The Ministry of Economy and Development, the European Bank for Reconstruction and Development and the Athens Stock Exchange signed a Memorandum of Understanding to join forces to boost capital market activity and increase the capacity of SMEs for initial public offerings or corporate bond issuances on the Athens Stock Exchange. Law 4514/2018, Markets of financial instruments and other provisions, which transposed EU Directive 2014/65 (MiFID II) into Greek law, established a specific framework for the operation of markets in the

systems traded by small and medium-sized enterprises. These markets, called SME growth markets, are a subcategory of trading venue and specifically a subcategory of Multilateral Trading Mechanisms as defined in the above law. The aim of this framework is to facilitate SME access to capital and to further develop niche markets.

Four new investment programmes were announced as part of the New Economy Fund (TANEO) managed by the Ministry of Economy and Development. Altogether, these programmes will inject a total of €1 billion into Greek SMEs, 30% of which is expected to come from private funds. The four programmes are:

- '4th Industrial Revolution' (*Ταμείο 4ης Βιομηχανικής Επανάστασης*), which is focused on investments in projects related to the 4th industrial revolution (robotics, etc.);
- 'Made in Greece', which aims to foster investment in companies that produce products labelled 'Made in Greece';
- 'Ep-Anodos' (*Ταμείο ΕΠ-Ανοδος*), which aims to set up an investment consortium to support companies that need to restructure their activities; and
- the 'Debt Fund' (*Ταμείο Εταιρικών Ομολόγων*), which will invest in companies that do not present risk through a programme of private bond purchasing.

3.6 Single market



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

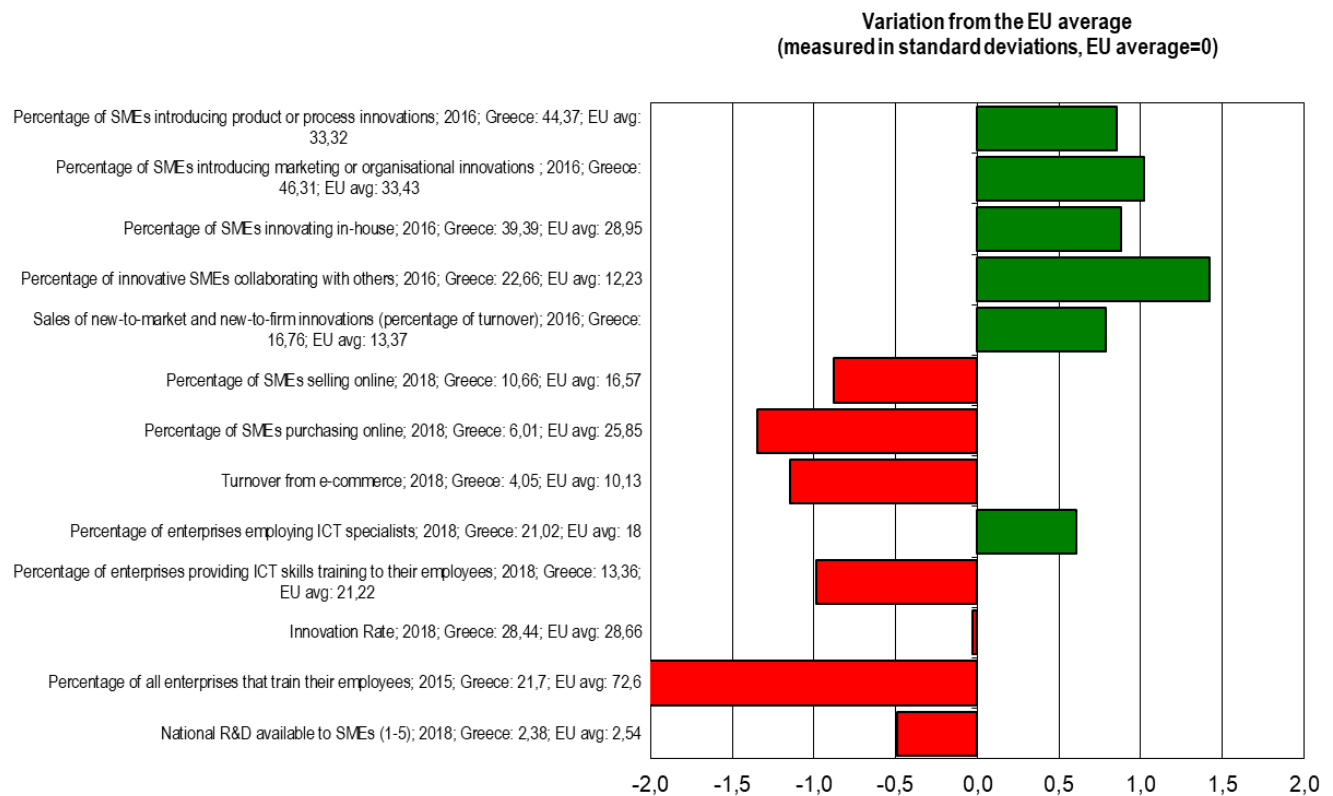
Greece’s performance in the area of the single market remains below the EU average, despite notable improvements since 2008. More specifically, the country has among the lowest share of SMEs in the EU that engage in intra-EU exports (5%), and intra-EU imports (6%). According to surveyed experts, market access for new and growing firms is worse than the EU average, and has deteriorated since 2016. On a positive note, the average transposition delay for overdue directives has fallen from more than 6 to less than 4 months since the last reference period. Similarly, the number of single market directives not transposed into national law has fallen by four since 2017, and now stands at five, which is better than the EU average.

Since 2008, Greece has achieved moderate policy progress in addressing some of the SBA recommendations. Support

measures are still pending to help SMEs overcome difficulties in accessing patents and trademarks within the single market, and to help SMEs to participate in the definition of standards.

One important piece of legislation was adopted during the current reference period. Law 4537/2018 on payment services (ΝΟΜΟΣ ΥΠ’ ΑΡΙΘΜ. 4537 ‘Ενσωμάτωση στην ελληνική νομοθεσία της Οδηγίας 2015/2366/ΕΕ για τις υπηρεσίες πληρωμών και άλλες διατάξεις’ (ΦΕΚ Α’ 84/15-05-2018)), transposing Directive (EU) 2015/2366 on payment services in the internal market, aims to: (i) make electronic transactions faster and more secure, (ii) regulate new payment services and (iii) facilitate cross-border transactions.

3.7 Skills & innovation



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

Greece's performance in skills & innovation is in line with the EU average, an improvement since the previous reference period. The innovation rate improved from 24% in 2014 to 28% in 2018. The figure for the share of enterprises employing ICT specialists halted a declining trend during the current reference period. The country also performs above the EU average in several of the innovation-related indicators, with among the highest percentage of SMEs innovating in-house, introducing product or process innovations and marketing or organisational innovations. Indicators related to e-commerce paint the opposite picture, however. The country has among the lowest share of SMEs purchasing online, at 6%, and of SMEs selling online, at 11%. This is below the EU average, and following uninterrupted growth since 2015, is starting to level off. In addition, the share of turnover generated from e-commerce is one of the lowest in the EU, at a modest 4%.

Fiscal incentives have been introduced since 2008 to encourage the development of the RD&I competencies of SMEs and support high-growth innovative companies. These include tax deductions for R&D investments and the 'patent box' whereby the first 3

years of profits attributable to international patents are not subject to tax¹⁶.

Four measures were adopted during the current reference period.

- The second cycle of the 'Research-create-innovate' programme (*Ερευνώ – Δημιουργώ – Καινοτομώ (B' Κύκλος)*) was launched in connection with National digital and RIS3 strategies. The programme fosters connections between R&I and business with the aim of increasing the competitiveness and productivity of businesses.
- The 'Research and innovation strategies for smart specialisation-RIS3' programme (*Πρόγραμμα επιχειρήσεων για την απασχόληση έξι χιλιάδων (6.000) ανέργων ηλικίας έως 39 ετών, αποφοίτων τριτοβάθμιας εκπαίδευσης, σε κλάδους εξειδίκευσης και παραγωγικής δραστηριότητας*) aims to encourage companies active in manufacturing, ICT and construction to recruit a

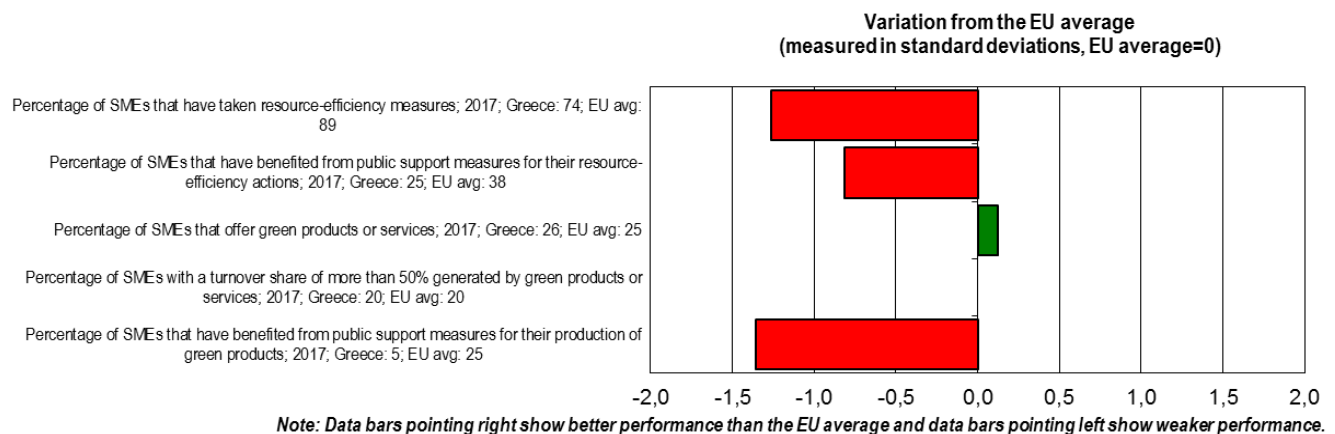
total of 6,000 unemployed scientists under the age of 39.

aims to further promote innovation and digital skills in Greece.

- ‘Business Innovation Greece’, a new programme for Greek innovative enterprises, was launched in March 2019. This programme is specifically designed for the Greek enterprises engaged in green industry innovation, blue growth, shipping and ICT.
- In February 2019, the Greek government announced an action plan, ‘Digital skills for digital Greece’, which

One other important measure was also announced during the current reference period. The ‘Innovative aid for SMEs’ (*Ενισχύσεις Καινοτομικού Χαρακτήρα για ΜΜΕ*) scheme will provide funds for three types of projects: exploitation of research and development, technological modernisation through the adoption of innovative and organisational procedures, and projects that aim to turn knowledge into new or improved products.

3.8 Environment



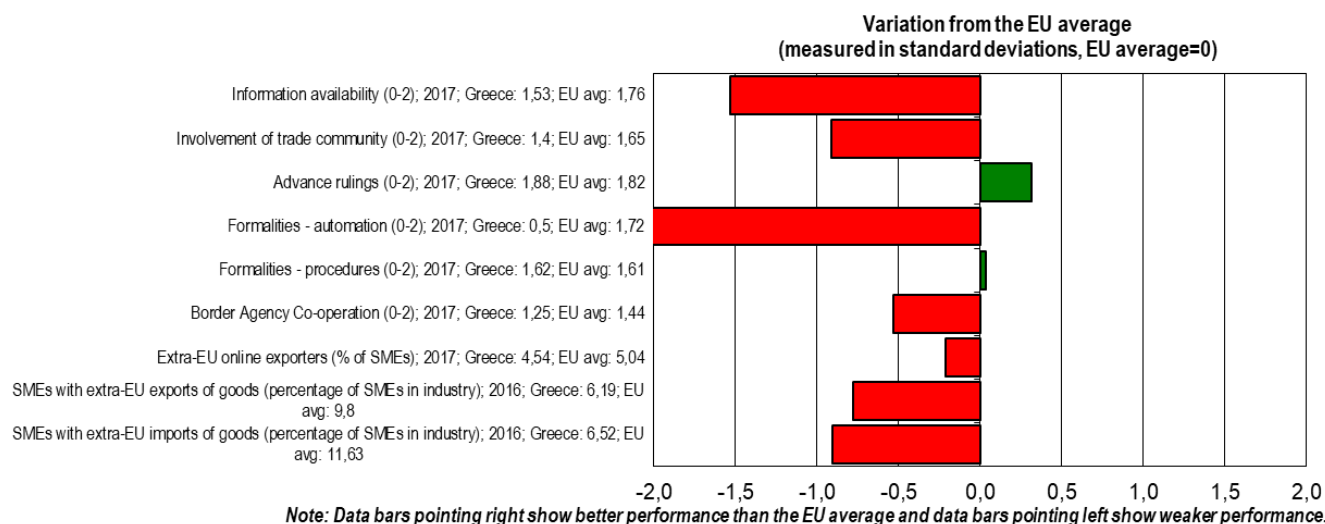
Greece is the third lowest performer in the EU in environment, with the share of SMEs benefiting from public support measures for their green production one of the lowest in the EU. The share of SMEs generating half of their turnover from green products and services also dropped from 48% in 2012 to 20% in 2017. A similar trend is observed for the share of SMEs that took resource-efficiency measures, which dropped from 91% in 2013 to 74% in 2017. The share of companies that benefited from public support for their resource-efficiency actions also declined from 52% in 2013 to 25% in 2017. However, despite the lack of

public support, Greece has one of the highest shares of SMEs offering green products or services.

Policy progress has been limited since 2008. The most important initiatives include the national strategy for environmental management, the revised national waste management plan and the electronic waste registry. However, SMEs lack support to improve their energy efficiency and use of renewables.

In December 2018, the Ministry of Environment and Energy launched a national strategy for the circular economy.

3.9 Internationalisation



Greece’s performance in internationalisation is one of the weakest in the EU, with a large majority of indicators below the EU average in this area. The country has among the lowest scores in the EU in terms of information availability and automation of formalities. On a positive note, three indicators are in line with the EU average: extra-EU online exporting SMEs, procedure formalities and advance rulings. In addition, SME imports and exports in goods have slightly improved compared to last year’s fact sheet.

Several policy measures have been launched since 2008 and the majority of the SBA recommendations have been applied. The national action plan for an export strategy was initiated in 2018, and several measures to encourage SMEs to export have been launched in the past decade. These measures include the establishment of the ‘Extroversion – internationalisation of SMEs’ programme, the General Exports Registry (GEME) and the ‘Market Ombudsman’ for the international business activities of Greek SMEs. However, SMEs in Greece are making limited use of the support programmes available to them to internationalise, such as the export credit insurance schemes¹⁷.

Article 46 of Law 4587/2018 upgrades the Foreign Ministry’s AGORA portal with the aim of improving its interactive and functional capability, and, in collaboration with HOPIAN and Enterprise Greece, of creating a unified digital extrovert platform.

The Technical Assistance Programme co-funded by the European Commission through the Structural Reform Support Service and the German Federal Ministry of Economic Affairs & Energy to support the transfer of know-how and the exploitation of good practices for internationalisation works along three axes:

1. strengthening strategic planning capability in the field of export promotion by the competent bodies;
2. developing the capacity to mobilise businesses to export and improve export skills of enterprises; and
3. support for the successful completion of actions under the national action plan for export promotion 2016-2018, as well as the preparation of a new one in line with the national strategic development objectives.

4. Interesting initiative

Below is one example of an initiative from Greece to show what governments can do to support SMEs.

Notify Business

In June 2017, the Greek government launched a pilot version of an online portal for the electronic submission of notifications of economic activities, targeting the food and drink industrial sector. The pilot was quickly a success. By October 2018, the new and simplified procedures for business notifications had been used by 46,000 businesses, climbing to a total of 54,414 businesses by November 2018.

Law 4442/2016, 'New institutional framework for the pursuit of economic activity and other provisions' (A '230)', which was amended and supplemented by two other laws (Law 4512/2018 (A' 5) and Law 4549/2018 (A '105)), expanded the portal's coverage to all economic sectors and standardised the administrative procedures for notifying business operations. Law 4442/2016, in its general part, sets out the basic principles of licensing, while in its specific part it contains the individual areas of activity, which are regulated by these principles. New areas are being gradually added to the specific part. The notifications described above are made electronically only.

This online portal enables simple, fast and low-cost licensing procedures, facilitating the growth of new business activity. Previously, it took on average 30 days to issue a new business licence. The quicker licensing procedures also enabled public authorities to be more swift and effective in initiating business inspections.

References:

<https://notifybusiness.gov.gr/>

<https://www.naftemporiki.gr/finance/story/1421341/prota-i-adeia-kai-meta-o-elegxos-gia-tis-metapoiitikes-monades>

Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information. Produced annually, they 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 State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

<http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

grow-spr@ec.europa.eu

Small Business Act:

http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm

Entrepreneurship and SMEs:

<https://ec.europa.eu/growth/smes>

Endnotes

¹ The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. As from 2017, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2016 figures from Eurostat's Structural Business Statistics Database. The data cover the 'non-financial 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 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/growth/smes/business-friendly-environment/performance-review/>

² Taxheaven.gr, available at: <https://www.taxheaven.gr/pages/klimakes>, last accessed on 23.5.2019.

³ Hellenic Statistical Authority, available at: <http://www.statistics.gr/el/statistics/-/publication/SEL15/>, last accessed on 23.5.2019.

⁴ Athens Chamber of Tradesmen, available at: <https://www.eea.gr/wp-content/uploads/2019/04/ekthesiime2019.pdf>, last accessed on 23.5.2019.

⁵ Ibid, p.94.

⁶ Foundation for Economic & Industrial Research, p. 33, available at: http://iobe.gr/docs/research/RES_05_F_06062017_REP_GR.pdf, last accessed on 24.5.2019.

⁷ Ibid.

⁸ Due to data availability, the data on high-growth firms refers to the 'business economy' only, which covers sections B-N including section K (financial activities, except activities of holding companies). The 'non-financial business economy' excludes section K.

⁹ In line with the Commission implementing regulation (EU) No 439/2014, high-growth enterprises are defined as firms with at least 10 employees in the beginning of their growth and average annualised growth in number of employees greater than 10% per annum, over a 3-year period. The share of high-growth enterprises is the number of high-growth enterprises divided by the number of active enterprises with at least 10 employees. Source of the data on high-growth enterprises is Eurostat (http://ec.europa.eu/eurostat/web/products-datasets/-/bd_9pm_r2, last accessed 15.4.2019).

¹⁰ The 2019 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.

¹¹ Hellenic republic, 'Greece: A Growth Strategy for the Future', July 2018, available at http://84.205.192.59/wp-content/uploads/2018/07/9%CE%95English_GS_Presentation.pdf, last accessed 29.5.2019.

¹² The quadrant chart combines two sets of information. Firstly, it shows current 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 the EU. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2019. These 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 EU average at a given point in time, but also about the extent of progress made between 2008 and 2019. All SBA principles, with the exception of the 'think small first' principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

¹³ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2018 and the first quarter of 2019. The national SME policy expert that PwC (DG GROW's lead contractor for the 2019 SBA fact sheets) contracted made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact in the SBA area in question. The complete range of measures 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 GROW website.

¹⁴ ELSTAT, 'Press Release', 12.4.2019, available at <http://www.statistics.gr/documents/20181/7adbc721-a7de-45ab-8999-334991110f3a>, last accessed 28.5.2019.

¹⁵ OECD, 'SMEs in Public Procurement: Practices and Strategies for Shared Benefits', 26.10.2018, available at <https://doi.org/10.1787/9789264307476-en>, last accessed 28.5.2019.

¹⁶ Deloitte, 'Survey of Global Investment and Innovation Incentives', November 2018, available at <https://www2.deloitte.com/global/en/pages/tax/articles/global-investment-and-innovation-incentives-survey.html>, last accessed 28.5.2019.

¹⁷ Zisimos, S., Naftemporiki, 'Why SMEs don't invest sufficiently in their extroversion', 12.4.2019, available at <http://www.statistics.gr/documents/20181/7adbc721-a7de-45ab-8999-334991110f3a>, last accessed 28.5.2019.