## GREEK MARKET

## NEWSLETTER MARCH 2018

*A large number of employment agencies have been hiring cheap labor across Europe. But many Greeks have fallen victim to high expectations and fraudulent recruitment deals.*

***1.Aegean Airlines will order 42 aircrafts*** worth $5 billion (4 billion euros) from Airbus as Greece's largest carrier renews its fleet of single-aisle planes, company executives said on Wednesday. The order is the largest by a Greek carrier and one of the biggest investments by a private Greek company since the country's debt crisis broke out in 2010. Seeking to reduce maintenance costs, Aegean, a member of the Star Alliance airline group, had been weighing its options between the Airbus A320neo and Boeing's 737 MAX.

***2. Mubadala, Taneo join forces to finance Greek growth.*** Mubadala Investment Company has signed a deal with Greece's New Economy Development Fund, known as Taneo, to create a 400-million-euro co-investment platform. Under the agreement, Taneo and Mubadala will each contribute 200 million euros to invest in businesses with growth potential across key sectors of Greece's economy. In the past, Mubadala has signed investment deals with state-linked funds in Russia and, most recently, France to invest in parts of those countries' economies.

***3. Airbnb-style rentals may bear no VAT.*** Short-term property rentals through online platforms such as Airbnb can under certain conditions be exempt from value-added tax, according to a circular issued by the Independent Authority for Public Revenue. The exemption is provided in cases where the owner does not offer any additional services to guests comparable to hotel services such as cleaning, refuse collection, bedding changes etc. Without the exemption the VAT due amounts to 13 percent.

***4. Greek, Israeli officials encourage businesspeople in Tel Aviv to invest in Greece.*** The newly founded Israel-Greece Chamber of Commerce and Industry staged in Tel Aviv a presentation of the Greek economy to some 200 Israeli entrepreneurs, in the presence of Greek and Israeli officials who recommended Greece for investments.

***5. Deutsche Telekom agrees to buy 5 percent stake in Greece's OTE.*** Deutsche Telekom has exercised its right of first refusal and will pay 284.05 million euros ($348.87 million) to acquire a 5 percent stake in Greece's biggest telecom operator OTE. OTE, the former national monopoly, is 40 percent owned and managed by Deutsche Telekom. Greece launched a tender to sell a 5 percent stake in OTE last month as part of its international bailout.

***6. Home prices finally start to improve.***The first tangible signs of recovery in the Greek housing market were recorded last year, according to the latest survey by the RE/MAX Hellas network of estate agents, which showed prices had risen 1 percent on average compared to 2016.Newly built homes (up to five years old) across the country saw their prices increase 1 percent, while for older ones the growth amounted to 1.1 percent.

***7.Greece, Paneuropean oil agree to divest 50.1 percent in Hellenic Petroleum.*** Greece and Paneuropean Oil and Industrial Holding have agreed to divest a combined 50.1 percent stake, at least, in Greece's biggest oil refiner Hellenic Petroleum. A memorandum of understanding was signed on April 3, Hellenic Petroleum said in a bourse filing. The move paves the way for Athens to conclude one of the most lucrative stake divestments under its three international bailouts since 2010.

***8. Objective values to rise for 60 pct of property zones.*** The adjusted property rates used for taxation purposes (known as "objective values") will be increased in 6,070 zones around the country. ccording to the data the deputy minister presented yesterday, "in 60 percent (6,070 zones) we have an increase of the objective values that are harmonized with market rates; there is a reduction in 23 percent (2,300 zones) and the rest remain unchanged."Generally, the objective values in the Ionian islands, the northern Aegean and the majority of tourism destinations will see an increase. On the other hand there will be reductions in Western and Eastern Macedonia and in Thrace, while 34 percent of zones in Central Greece will see a drop.

## GLOBAL MARKETS

***1*. Venezuela to knock three zeros off currency amid hyperinflation.**Venezuela plans to remove three zeros off its battered currency. The largest bill in circulation, the 100,000 note, can hardly buy a cup of coffee.Venezuelan President Nicolas Maduro on Thursday announced he would knock three zeros off the bolivar currency amid a crippling economic crisis and hyperinflation. The largest bill in circulation is the 100,000 bolivar note, which trades for about $0.50 on the black market. A kilo of sugar (2.2 pounds) costs around 250,000 bolivars.Venezuela's inflation rate was more than 6,000 percent in the 12-month period ending in February. The International Monetary Fund expects inflation to top 13,000 percent this year.Oil-rich Venezuela's economic and political crisis has led to severe shortages of food and basic goods.

***2. Rosatom says committed to timetable for Turkey's first nuclear plant.*** Turkey's first nuclear plant will open in 2023, its builder Rosatom told Reuters on Wednesday, adding talks with potential investors were not expected to affect the construction timetable.Earlier this month, two people familiar with the matter told Reuters the Akkuyu nuclear plant in southern Turkey was likely to miss its 2023 target start-up date as its state-owned Russian builder Rosatom struggles to find local partners.The 4,800 megawatt plant is intended to reduce Turkey's dependence on energy imports, but has been beset by delays since Russia was awarded the contract in 2010.

***Moody's positive on Cyprus banks.*** *The positive outlook for the Cypriot banking system reflects Moody's view that the fast-paced economic expansion will continue, supporting borrowers' repayment capacity, asset values and new lending,*

***3. Germany and G20 push for free trade amid fears of global trade war.*** Germany's finance minister defended open markets after a G20 meeting in Buenos Aires. Officials from other countries also warned against protectionism ahead of planned US tariffs on steel and aluminum. "We must make sure that protectionism will not now define the global landscape, but that there will still be open markets," German Finance Minister Olaf Scholz told reporters. He added that he expected the final communique to emphasize the importance of free trade.The head of

the German central bank, Jens Weidmann, said the "dominant opinion" during the meeting was that trade spats should be solved "within the existing rule-based trade system." Officials from the EU, Japan and Latin American countries including Argentina and Brazil shared Germany's concerns. US Treasury Secretary Steve Mnuchin dissented, saying the US could not sacrifice its own interests for the global trading system.

***4.UK lawmakers suggest postponing Brexit in committee report.*** A cross-party parliamentary committee has urged the government to consider a "limited extension" if key issues aren't dealt with. The committee's chair said "credible, detailed proposals" need to be put forward now.The UK must consider delaying the country's departure from the EU in the event that key issues are not resolved, said the House of Commons' Exiting the European Union Committee.

***5. US will temporarily exempt Canada and Mexico from tariffs***. The US will reportedly spare Mexico, Canada and possibly others from tariffs, under national security "carve-outs." The White House announced on that steel and aluminum from some countries could be exempted from the tariffs proposed by US President Donald Trump. *The Washington Post* and Reuters news agency later confirmed that Canada and Mexico would recieve a 30-day exemption. The announcement represents a reversal to Trump's previous pledge of imposing the tariffs without exceptions.The move comes after a week of sharp reactions to the president's tariff plan from congressional Republicans, the US Chamber of Commerce and US allies across the world.

***6.EU urges Italy to tackle reforms after 'excessive economic imbalances'.*** Brussels has called on Italy to "boost the reform momentum" as it continues its sluggish recovery after the 2008 crisis. But the warning may fall on deaf ears after eurosceptics led the polls in last week's election. Italy, along with Cyprus and Croatia, had "excessive economic imbalances," which "jeopardize or risk jeopardizing the proper function of the Economic and Monetary Union".The European Commission urged Italy to bolster its economic reforms, days after an election witnessed eurosceptic parties lead the polls.

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