

Market Report

Country: Greece

June 2021



Update 2021

This report is an update based on June 14-18 2021 visit and local discussions, while many of the aspects related to this market have not changed from the situation in January 2020, the report of which you find at the bottom of this document.

Economic Situation & Outlook

The Greek economy contracted by -8.2% in 2020, feeling the impact of the pandemic, especially in the tourism sector which has a high share in the country's GDP and thus was hit harder than other parts of Europe. The recovery path since the financial crisis, that has been felt over the past years has faced a significant blow. The government is countering the pandemic impact with a massive investment program of 14.3 billion EUR in 2021, 8.3% of the expected GDP for the year, supported by the European Union. GDP growth for 2021 is forecasted by OECD at +3.8% and +5.0% for 2022.

Maritime Gateway Development

Piraeus maintained its status as largest port in the Med, with 5,437,000 TEU in 2020, beating Valencia by 22,000 TEUs. However losing -3.8% compared to 2019. Q1 2021 volumes at Cosco's terminal in Piraeus were still down -5.8% versus Q1 2020, while March was up significantly. However the gateway development of Cosco in Piraeus, which is one of the main drivers for the ports growth, continues to bypass the Greek logistics community. Thus only forwarders that are active in connected markets, like Balkans, Bulgaria or Romania are benefiting from the situation.

Market Situation

Also in Greece the frustrations over rate levels, space issues, congestion and delays continue to rise. During the visit, an interview with one of the largest retailers in Greece placed a lot of the blame of shipowners greed and Jumbo suggested to stop importing and filling carriers pockets until things return to more normal levels.

The forwarders market is of course benefitting from the current market, however concerns on credit risks that keep rising with rate levels and certainly the burden on operational staff continue to be an issue. The constantly changing situation has made adaptability the key skill of our times and those who excel in that, can thrive, similar like in many other markets at the moment. This includes finding new ways for old problems, looking at gateways differently than before, e.g. trucking cargo to HUBs instead of relying on transshipments.

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The market is keenly waiting for tourism to return, which is essential for the local economy and with the government having opened over recent weeks, also to the US, an increasing amount of airlines is servicing the country again. Also adding belly capacity in the airfreight market, challenging the freighter dominance of the past months.

Similar as in the rest of Europe, eCommerce has seen an impressive boom over the pandemic, those early in the game certainly at an advantage, but many players entering the market. The main pressure thereby remaining on the last mile, where a race to the bottom in terms of delivery rates among service providers, continues.

It is a surreal image, as the Greek summer begins, gastronomy has reopened and some evenings provide the feeling of the good old times, while the government is investing heavily into the recovery and the logistics industry navigates the storm.

The Greek forwarders market continues to remain dominated, by few larger family conglomerates, most of which in generation changes and transition of succession, yet competing fiercely with each other.

Overseas investors continue to look at the market regularly, especially from China, as to follow the path set by big brother Cosco. However usually making the same mistakes: from hiring the wrong people to underestimating the importance of relationships and the family-like bond between workers and their employers.

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Country Profile

Latest Economic data 2018-worldbank.org

Population: 10,730,000

GDP/Growth: 218 Bn USD/1.9%

GDP per Capita: 20,324USD

Trade in Goods 2018- stat.wto.org


Import Market

- Import Trade Volume: 65.09 Bn USD
- Top Commodities: Minerals, mechanical and electrical products, chemicals, base metals and products
- Top Origin Countries: Germany, Iraq, Italy, Russia

Export Market

- Export Trade Volume: 39.44 Bn USD
- Top Commodities: Minerals, base metals and products, chemicals and mechanical and electrical products
- Top Destination Countries: Italy, Germany, Turkey, Cyprus

Foreign Direct Investment

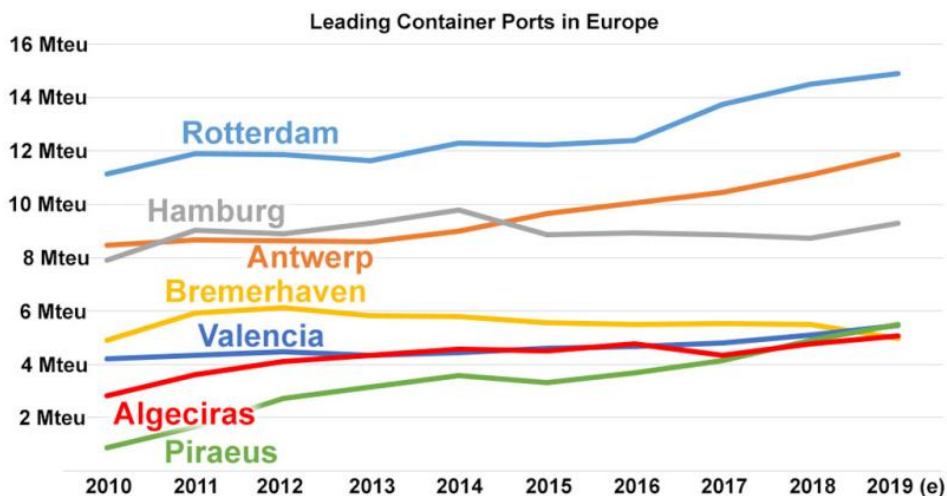
- Main Origin: Cyprus, Germany, Switzerland, Italy, Hongkong
- Tendency.Down/Up/Neutral: 

Local Members

- Cosmos Ocean Hellas Ltd, www.cosmosocean.gr

Market Size in TEU 2018

- Key port: PIRAEUS, THESSALONIKI, ATHENS, MITYLENE, NAUPLIA
- Piräus has passed the 5 Mio TEU mark in 2019



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Market environment

Over the past 3 years of visits to Greece, the country has continued to improve and recover from its post financial crisis lows, not only in terms of people's morale but also in terms of economic fundamentals.

The economy is expected to grow by 2.8% this year, driven by higher investments, improving domestic demand and tax cuts as the country continues to recover from a decade-long der crisis. Data from the 2020 budget, as provided by the newly elected government last year, forecast a primary surplus of 3.56% of GDP and sees debt falling 167% of GDP from 173.3% the year before.

Greece emerged from international bailouts supervised by its lenders in August 2018. But it still needs to meet fiscal targets, including a primary budget surplus - which excludes interest payments on its debt - of 3.5% of GDP up to 2022, which many consider unrealistic.

However tax cuts already implemented last year, will reduce corporate tax to 24% on 2019 profit from 28% currently and taxation on dividends will be halved to 5%. Certainly encouraging businesses.

The International Monetary Fund (IMF) noted end of last year that „growth has returned to Greece but so far has fallen below expectations“. The IMF board „recognized the progress that the authorities had made in implementing reforms during the program period, as well as the Greek economy's continued recovery, but noted that important challenges remain.“ The GDP projections by the IMF foresee a 2.3% and 2.0% growth in GDP for 2020 and 2021 respectively and while they see unemployment continuing to decline, it still stands at 17.5% by end of 2019.

From a shipping perspective, Greece has moved closer to its potential, becoming the largest mediterranean port by container throughput in 2019, reaching 5 million TEU and bypassing Valencia. The investment of Cosco in the port, driven the Chinese government, has made Greece a cornerstone for their Belt and Road initiatives and a gateway into Central Eastern Europe.

With the Greek Committee of Planning and Development of Ports (ESAL) approving further investments amounting to €611.8 million, the further ascent of the Greek gateway, Piraeus can be expected.

In result a large share of the cargo growth in Piraeus port, is based on transit cargo, driven by Cosco's investment in the gateway. The local forwarding and logistics industry however, benefits little from the gateway function, as Cosco operates and

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markets the services to central eastern Europe directly and often at rates well below cost. Areas, like the Balkans, are served at same rates as Piraeus port.

The share of transit cargo through Piraeus, is definitely increasing and the growth driver, depending on who is asked now constituting 50-80% of port volumes, however detail figures are not published by Cosco.

Thus while things are promising also for the logistics and forwarding community, compared to back in the days of the crisis, many see 2019 as a year of stagnation, making efficiency and cost focus essential for returns, competitiveness and survival.

The political situation is mostly commended. The resolution of the Macedonia issue by the last government, recognized as its main achievement, in particular for those involved in international business, while the new government and fiscal measures shine hope on what is to come. The ruins of the old airport are still rotting in peace and an again expected change with a new project for the property (Casino), will show in the coming years, if things will really start moving.

A very strange fact in the Greek market, for the external observer remains the fact, that actually only few families and individuals are in essence controlling the logistics market in Greece for the most significant part, however despite many having joint origins, reciprocal respect and sometimes even admiration for each other, they do rarely cooperate and are in several fields competing with no platform for dialogue existing. One wonders, what would be possible, if the industry would find a way to collaborate, maybe something the next generation of leaders will be able to accomplish.

Cosmos Ocean – OceanX Member

Our member Cosmos Ocean certainly remains one of the most innovative players in the Greek market. Trying to simplify the business, in particular on the consolidation side, with easier pricing structures and smoother processes. Through its warehousing and local transportation entity Logika, it invests constantly and develops new solutions for eCommerce distribution in the Greek market, a segment that continues to expand. Further they are active in tank logistics

Latest presentation video from Logika: <https://youtu.be/kEPcutW0Hc0>

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