



Decide with Confidence

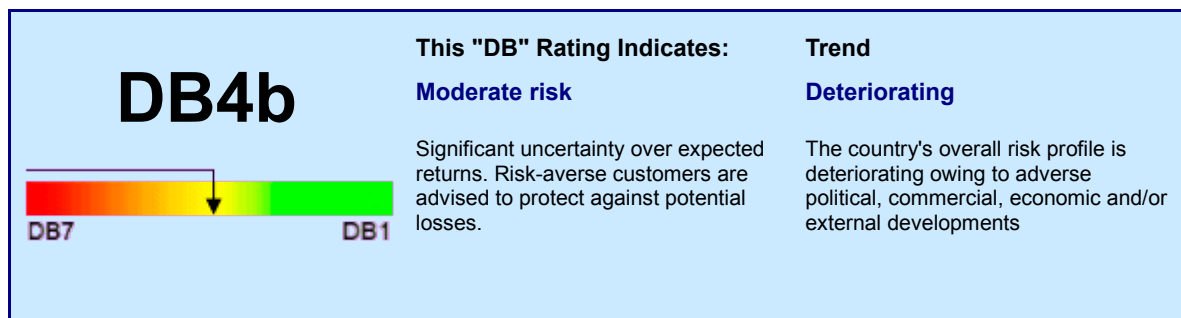
D&B Country RiskLine Report

GREECE

Region : Western Europe

Edition : November 2010

D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

Political risk - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

Commercial risk - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

External risk - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

Macroeconomic risk - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Key Facts

| | |
|------------------------------------|---------------------------------|
| Population: | 11.2m |
| Surface area (sq km): | 131,957 |
| Capital: | Athens |
| Timezone: | GMT +02:00 |
| Official language: | Greek |
| Head of government: | Prime Minister George PAPANDEOU |
| GDP (USD): | 323.7bn |
| GDP per capita (USD): | 29,554 |
| Life expectancy (years): | 80 |
| Literacy (% of adult pop.): | 96.0 |

Country Overview:

Greece is a Mediterranean country between Europe, Asia and Africa. The country has land borders with Albania, Bulgaria, Macedonia and Turkey. It joined the EU in 1981, and is working to improve relations with Turkey, with which it has had a troubled relationship in the past. Since the restoration of democracy in 1974, politics has been dominated by a socialist and a centre-right party. The parties are controlled by several family dynasties, which has tended to encourage patronage and cronyism. The trade union movement, which has Socialist Party ties, and the Greek Orthodox Church are also highly influential.

Tourism and shipping are among the most important sectors of the economy. Structural reforms, the introduction of the euro, and the organisation of the Olympic Games in Athens in 2004 contributed to buoyant economic growth until 2008, which helped to close the income gap with Western European countries. However, economic activity has weakened considerably in the wake of the global financial crisis and the global economic slowdown, while concerns about the country's dire state of public finances have re-emerged.

Trade & Commercial Environment

Trade Terms

| | |
|-----------------------|----|
| Minimum Terms: | SD |
|-----------------------|----|

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

| | |
|---------------------------|----|
| Recommended Terms: | LC |
|---------------------------|----|

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

| | |
|---------------------|-------------|
| Usual Terms: | 30-120 days |
|---------------------|-------------|

Normal period of credit associated with transactions with companies in the stated country.

Transfer Situation

| | |
|----------------------|------------|
| Local Delays: | 1-2 months |
|----------------------|------------|

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

| | |
|------------------------|------------|
| FX/Bank Delays: | 0-2 months |
|------------------------|------------|

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

Trade & Commercial Environment

In light of rising payment and liquidity risks, D&B recommends the use of LC terms when trading with counterparties in Greece. The country's commercial environment remains relatively uncompetitive in regional terms. The operating environment is marred by endemic corruption (extending to all areas of public and private commercial dealings) and by a large public sector weighed down by widespread public administration inefficiencies. Time-consuming and costly business regulations, difficult contract enforcement due to slow judicial proceedings, as well as frequent and lengthy labour strikes, underscore the risks of doing business in the country. Meanwhile, financial sector risk has increased in light of banks' exposure to Greek government debt.

Export Credit Agencies

| | |
|-----------------|-------------------------|
| | |
| US Eximbank | Full cover available |
| Atradius | Full cover available |
| ECGD | Full cover available |
| Euler Hermes UK | Full ST cover available |

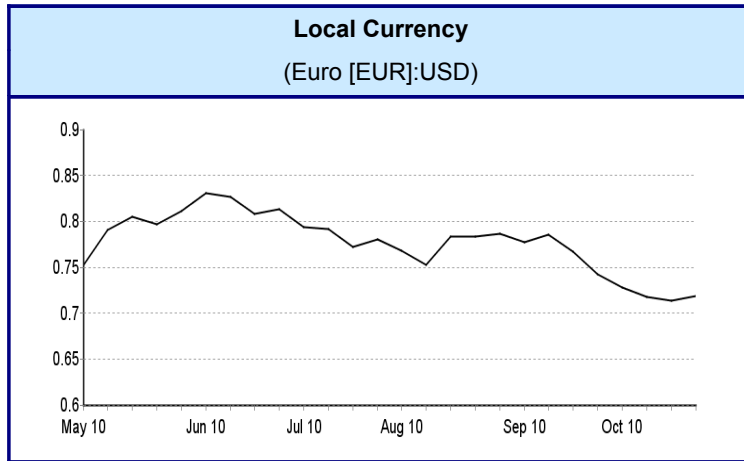
Economic Indicators

| | 2007 | 2008 | 2009 | 2010f | 2011f |
|--------------------------|-------|-------|-------|-------|-------|
| Real GDP growth, % | 4.5 | 2.0 | -2.0 | -3.6 | -1.2 |
| Inflation, annual ave, % | 3.0 | 4.2 | 1.3 | 4.8 | 3.7 |
| Govt balance, % GDP | -5.1 | -7.7 | -15.5 | -10.0 | -7.6 |
| Unemployment, % | 8.3 | 7.7 | 9.5 | 12.5 | 12.9 |
| C/A balance, % GDP | -14.5 | -14.8 | -11.1 | -10.7 | -10.2 |

The "Long-Term Interest Rate" chart tracks ten-year government bond yields. Inflation and unemployment are based on EU-harmonised data.

Currency Information

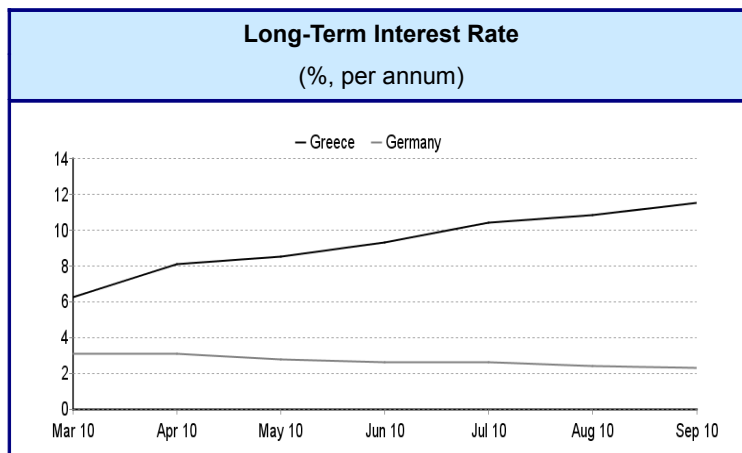
| Exchange Rates (London, 25 Oct 10) | |
|---------------------------------------|--------|
| GBP | 1.1253 |
| JPY* | 0.882 |
| USD | 0.7182 |
| *(x 100) | |



Local Currency
(Euro [EUR]:USD)

| | May 10 | Jun 10 | Jul 10 | Aug 10 | Sep 10 | Oct 10 |
|---------------|--------|--------|--------|--------|--------|--------|
| Week 1 | 0.752 | 0.831 | 0.794 | 0.768 | 0.778 | 0.728 |
| Week 2 | 0.790 | 0.827 | 0.792 | 0.752 | 0.786 | 0.718 |
| Week 3 | 0.805 | 0.808 | 0.772 | 0.784 | 0.766 | 0.714 |
| Week 4 | 0.796 | 0.814 | 0.780 | 0.783 | 0.742 | 0.718 |
| Week 5 | 0.811 | | | 0.786 | | |

Long-Term Interest Rate



Data Table

| Mar 10 | Apr 10 | May 10 | Jun 10 | Jul 10 | Aug 10 | Sep 10 |
|--------|--------|--------|--------|--------|--------|--------|
| 6.24 | 8.09 | 8.53 | 9.33 | 10.43 | 10.84 | 11.52 |
| 3.1 | 3.1 | 2.8 | 2.6 | 2.6 | 2.4 | 2.3 |

Risk Factor

The outlook for the Greek economy is deteriorating. Despite the slower-than-forecast growth in revenues and the above-target increase in expenditures, the government has announced that it is on target to meet its budget deficit reduction plans for 2010. However, a new upward revision of 2006-09 budget data by Eurostat will force the government to take additional measures to keep the country's fiscal plan on track. Although we expect the final figures to be announced by mid-November, according to estimates the budget deficit for 2009 exceeded 15.0% of GDP, against the initial estimate of a deficit of 13.6%. This is due to the incorporation in the official fiscal figures of the deficits and accumulated debts of state companies and corporations, as well as the inclusion of swap agreements that Greece has signed in recent years. In light of growing public discontent, the government, which has little room to manoeuvre given the deepening recession, has announced that there will be no additional measures in 2010 to the ones already planned and that any further public spending cuts in 2011 will not include pensions and wages. However, it is considering new hikes in VAT and other taxes, which will weigh further on the already depressed economic activity.

More worryingly, Prime Minister George Papandreou has not ruled out the possibility of calling an early general election, if the ruling party loses the local elections due in mid-November: this would have a detrimental impact on the economy as, even if re-elected, the government would be considerably weakened. Meanwhile, the public investment programme is headed for further cuts as the government is struggling to meet its fiscal goals. In particular, it is considering an additional EUR800m cut in public investment spending for this year (to EUR8.4bn from EUR10.3bn in 2009), while another 5.4% reduction is projected for 2011, as the government is finding it difficult to come up with resources to support programmes able to provide the economy with vital growth drivers. D&B believes that a further fiscal tightening will jeopardise any prospects of recovery and expects that the economy will shrink by 3.6% this year and by 1.2% in 2011, with risks being on the downside.

Elsewhere, at a time when the government is actively seeking to attract foreign investments in the country in order to boost the economy and combat sharply-rising unemployment, a Qatari-led consortium withdrew its interest in late October in an estimated EUR10bn deal to construct and operate a liquefied natural gas terminal and an electricity plant at the port of Astakos, in western Greece, stating the project was not sustainable. Positively, in early October Greece and China signed a number of deals in shipping, trade and tourism.

Glossary & Definitions

DEFINITIONS

Minimum Terms:

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms:

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms:

Normal period of credit associated with transactions with companies in the stated country.

Local Delays:

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

F/X Bank Delays:

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

GLOSSARY

| | |
|-----|----------------------------|
| CiA | Cash in Advance |
| CLC | Confirmed Letter of Credit |
| CWP | Claims Waiting Period |
| FX | Foreign Exchange |
| LC | Letter of Credit |
| LT | Long term |
| MT | Medium term |
| OA | Open Account |
| SD | Sight Draft |
| ST | Short term |

Customer Service & Support

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D&B Country Risk Services

For information relating to D&B's Country Risk Services.

UK

Telephone: 01628 492700

Fax: 01628 492929

Email: CountryRisk@dnb.com

USA Inquiry

Telephone: 1-800 234-3867 option 1, 1 and then 2

Email: CountryRiskServices@dnb.com

Rest of World

Telephone: +44 1628 492700

Email: CountryRisk@dnb.com

D&B Customer Services

For all other information or queries relating to D&B products and services.

UK

Telephone: 0870 243 2344 (UK) / 1 890 923296 (IR)

Email: CustomerHelp@dnb.com

USA

Telephone: 1-800 234-3867 option 1, 1 and then 2

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