

Economic ties between Greece and Germany: latest data and trends

Germany is one of Greece's top trading partners. It remains in the top three for bilateral trade, FDI and the key sector of tourism, despite recent disruptions brought about by inflation and geopolitics. Across the range of established economic ties, activity quickly returned to pre-pandemic levels.

Looking ahead, new opportunities are presenting themselves as Europe acts to bolster energy security and speed up decarbonisation of the economy.

Furthermore, moving on from the era of state divestments ushered in by successive bailouts, economic relations are maturing. German investments are directed increasingly towards joint ventures and greenfield projects, while Greek businesses are becoming more active in Germany. This trend is illustrated by a number of recent deals and proposals

BILATERAL TRADE

Trade in goods between Greece and Germany has been growing steadily since 2014, rising to pre-crisis levels in 2022, when it totalled just over 12 billion euros, compared with the previous high of 10.4 billion euros in 2007.

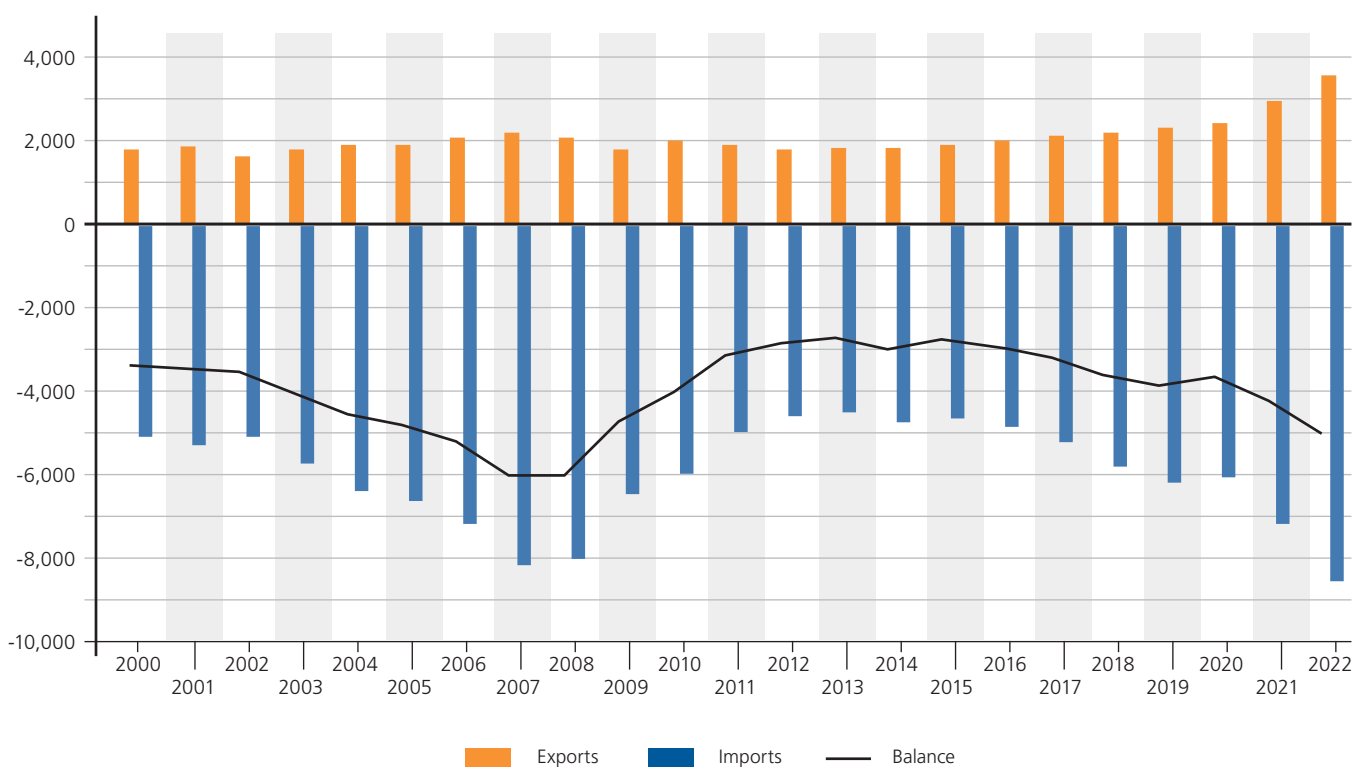
The years of the economic crisis saw a contraction of the goods trade deficit caused by a sharp reduction in imports. This has proven to be temporary, however, and the deficit has increased again, albeit to a slightly lower level.

Greek exports to Germany totalled a record 3.4 billion euros in 2022, while German imports to Greece came to 8.3 billion euros, yielding a trade deficit in goods of 4.9 billion. This compares with a 5.7 billion euro deficit in 2007.

In 2022, Germany ranked as the third largest market for Greek goods, representing 6.5 per cent of total exports by value, and the second largest exporter to Greece, accounting for 9.2 per cent of imports.

Previously, Germany had ranked second as a destination for Greek goods and first as a source of imports.

BILATERAL TRADE IN GOODS BETWEEN GREECE AND GERMANY (MILLION EUROS)



MAIN EXPORT MARKETS FOR GREEK GOODS (MILLION EUROS)

Country	2022	2021	2020
ITALY	5,701	4,003	3,261
BULGARIA	4,303	1,964	1,544
GERMANY	3,537	2,925	2,405
CYPRUS	3,232	2,568	1,983
TURKEY	2,502	2,059	1,338
USA	2,220	1,608	1,137
UNITED KINGDOM	2,142	1,298	1,189
SPAIN	2,097	1,194	1,141
LIBYA	1,848	1,006	634
ROMANIA	1,823	1,390	1,124
REPUBLIC OF NORTH MACEDONIA	1,754	873	540
FRANCE	1,685	1,872	1,789
LEBANON	1,582	1,173	654
GIBRALTAR	1,210	521	437
NETHERLANDS	1,209	903	702
OTHERS	17,831	14,642	10,922
TOTAL	54,676	39,997	30,800

Source: Enterprise Greece/ELSTAT.

MAIN SOURCES OF GOODS IMPORTS TO GREECE (MILLION EUROS)

Country	2022	2021	2020
RUSSIA	9,330	4,003	3,261
GERMANY	8,589	1,964	1,544
CHINA	7,908	2,925	2,405
IRAQ	6,783	2,568	1,983
ITALY	6,362	2,059	1,338
NETHERLANDS	4,486	1,608	1,137
USA	3,455	1,298	1,189
FRANCE	3,417	1,194	1,141
TURKEY	2,891	1,006	634
BULGARIA	2,814	1,390	1,124
SPAIN	2,753	873	540
KAZAKHSTAN	2,658	1,872	1,789
BELGIUM	2,421	1,173	654
LIBYA	2,418	521	437
AZERBAIJAN	2,373	903	702
OTHERS	24,392	14,642	10,922
TOTAL	93,048	65,457	48,954

Source: Enterprise Greece/ELSTAT.

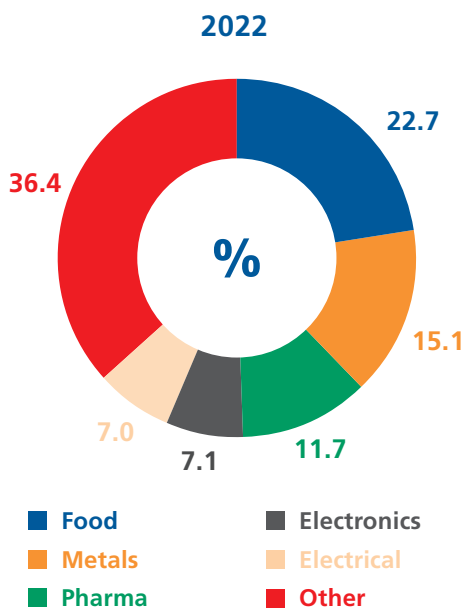
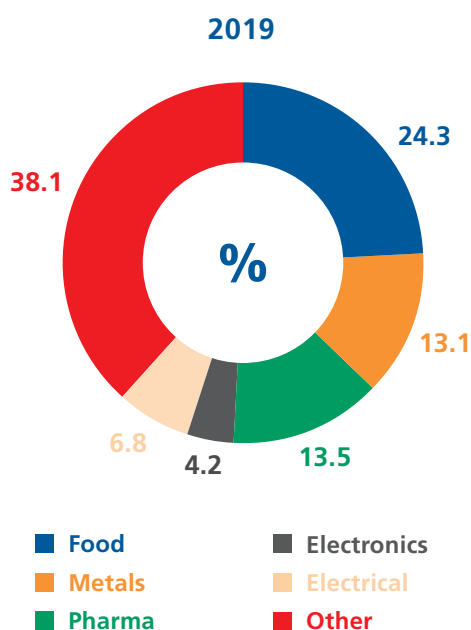
This change in Germany's relative importance as a trade partner reflects the combination of a shift in the fuel balance and energy price inflation brought on by Russia's invasion of Ukraine. This rebalancing led to Russia overtaking Germany as an exporter, while Bulgaria rose in importance as an importer.

Germany remains one of Greece's most important trading partners, however, with trade volumes remaining strong.

TOP FIVE EXPORT SECTORS (GREECE TO GERMANY)

Food products, metals and pharmaceuticals are Greece's main exports to Germany, accounting collectively for around half the total, followed by computer, electronic and optical products.

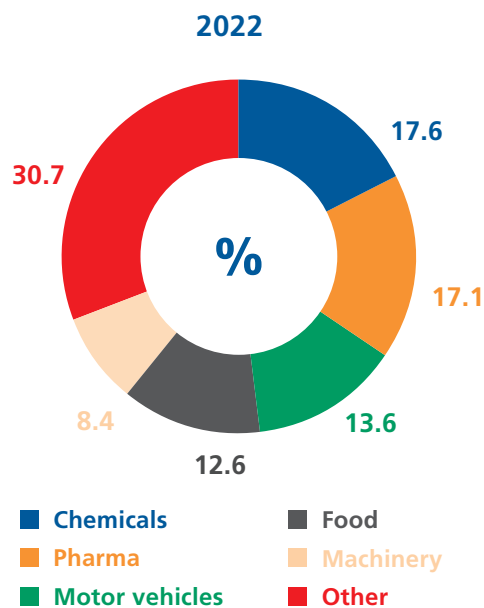
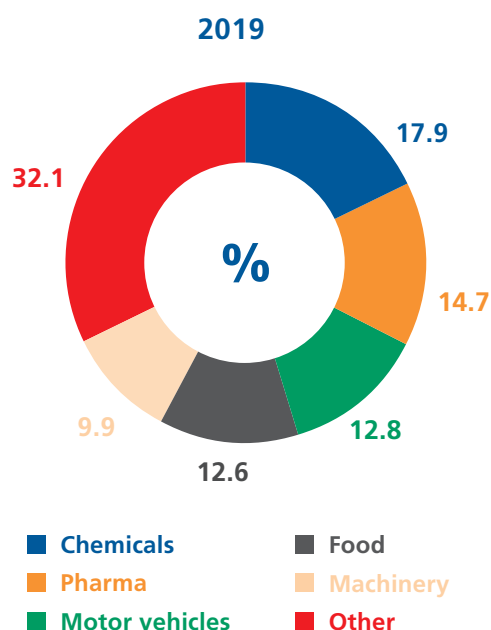
Compared with 2019, there has been a slight decline in the share of food products and pharmaceuticals, displaced by metals and computer, electronic and optical products.



Source: Eurostat.

TOP FIVE IMPORT SECTORS (GERMANY TO GREECE)

Imports from Germany are dominated by chemicals, basic pharmaceutical products and motor vehicles, followed by food products. Over the past three years, the shares of pharmaceuticals and motor vehicles have slightly increased at the expense of food products.



Source: Eurostat.

SERVICES

Trade in services between the two countries has also expanded after a brief dip during the pandemic, totalling just over 6 billion euros in 2022, and beating the previous high of 5.6 billion euros recorded in 2014.

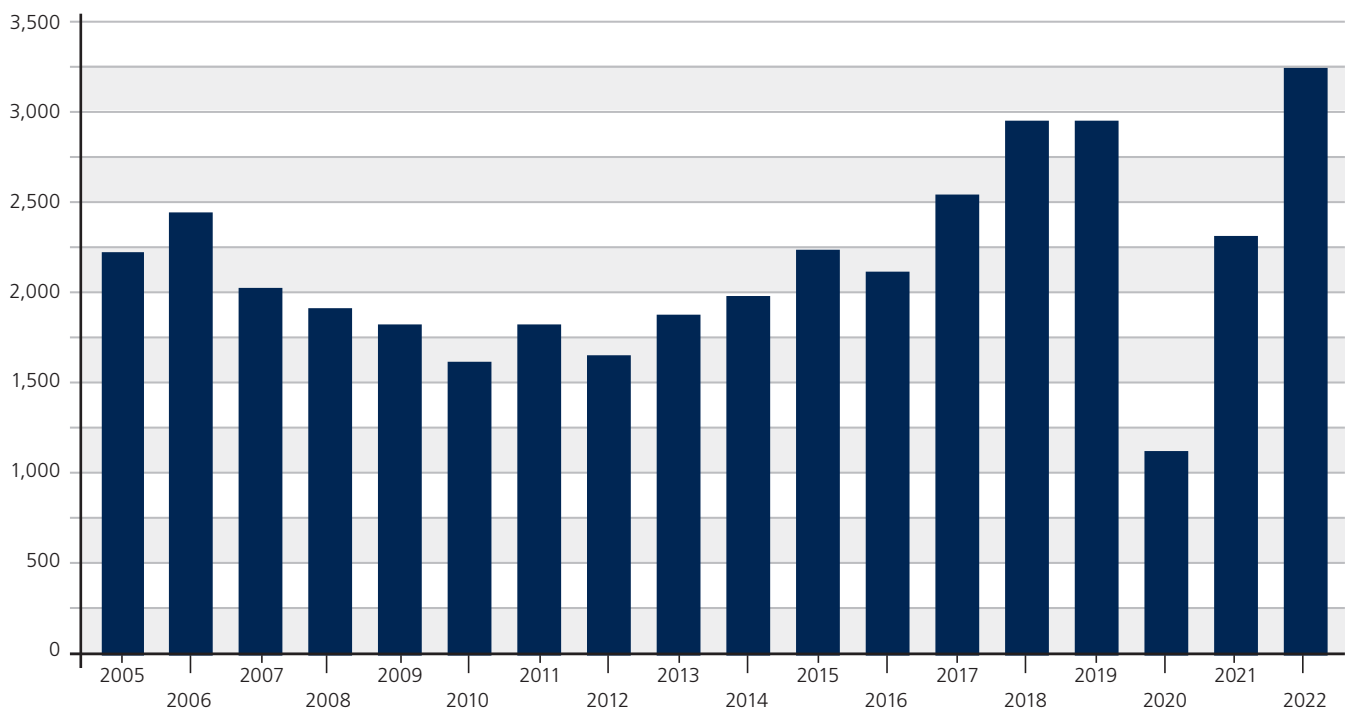
Here, Greece has historically achieved a surplus, which reached 2.6 billion euros in 2022, only slightly below the historic high of 2.8 billion seen in 2014.

BILATERAL TRADE IN SERVICES BETWEEN GREECE AND GERMANY (MILLION EUROS)



Source: Eurostat.

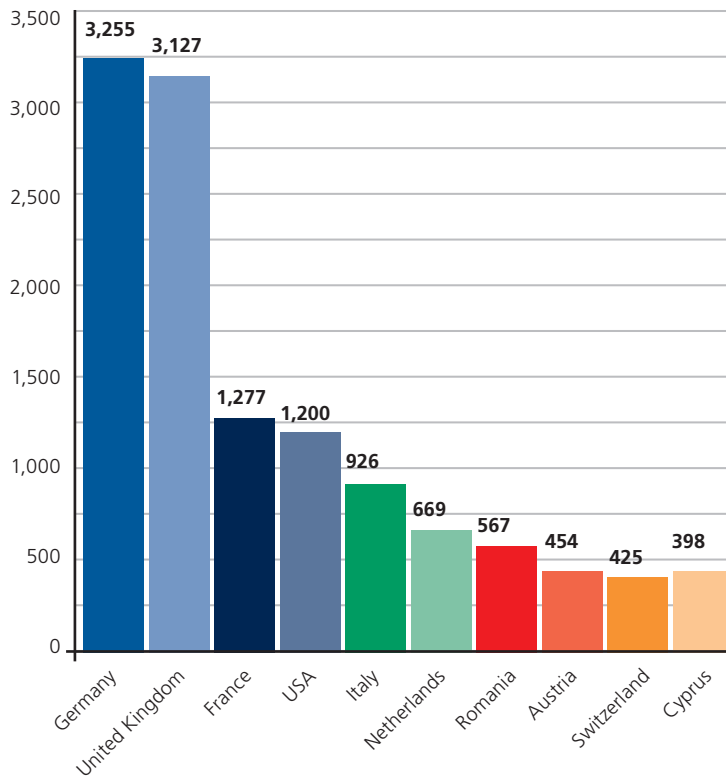
TOURISM REVENUES FROM GERMANY (MILLION EUROS)



This makes Germany the top contributor globally to tourism receipts in Greece. In the decade leading up to 2019, German visitors' contributions made up an average of 17 per cent of total receipts. In the post-pandemic period, from the start of 2021 and encompassing the first half of 2023, one in five euros spent by visitors in Greece came from a German wallet.

Source: Bank of Greece.

TOURIST REVENUES FROM TOP 10 COUNTRIES OF ORIGIN IN 2022 (MILLION EUROS)



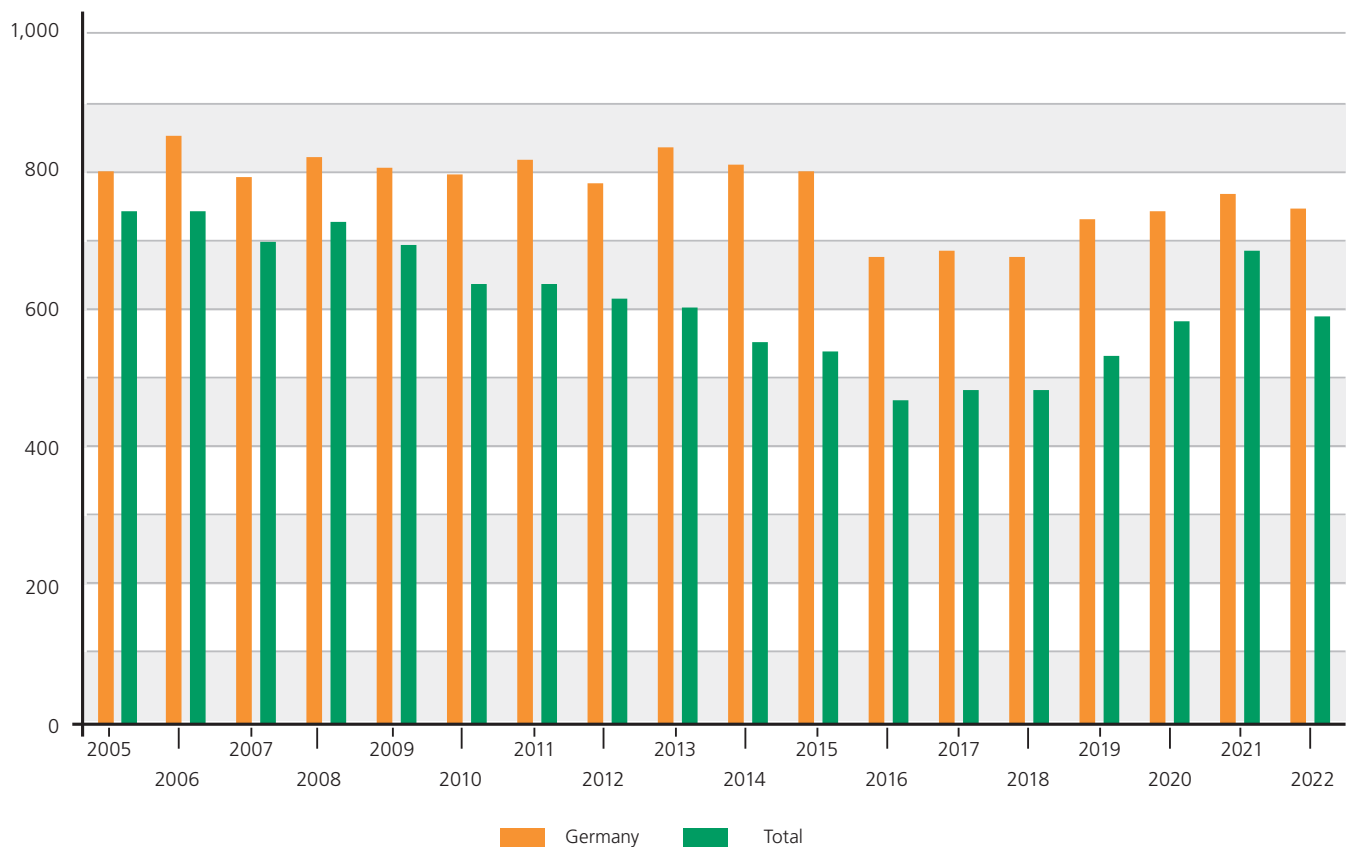
Source: Bank of Greece.

Historically, German visitors to Greece have been the most numerous country group, accounting for 12 per cent of all arrivals in the pre-pandemic decade. Since 2021 they have made up an even larger portion of visitors, reaching 16 per cent.

In 2022, 4.35 million Germans visited Greece, marking an almost full recovery in relation to the pre-pandemic record of 4.83 million visitors welcomed in 2018.

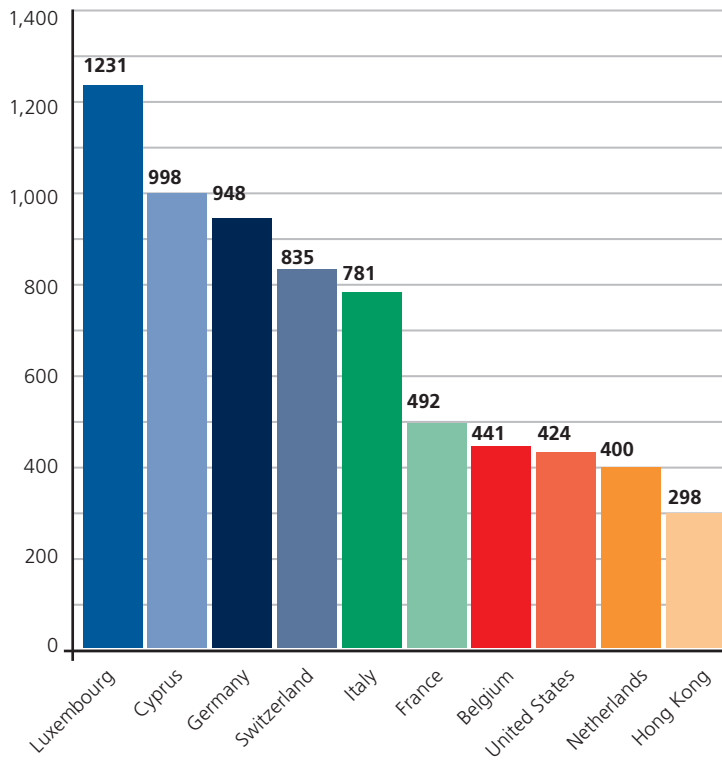
Added to this, German visitors to Greece consistently spend above average amounts per visit. Individual spending, however, remains below the levels seen prior to the financial crisis. German visitors' spending has recovered more slowly than the average spend, but showed greater resilience in 2022 faced with the war in Ukraine and rising inflation.

GERMAN EXPENDITURE IN GREECE PER TRIP (EUROS)



Source: Bank of Greece.

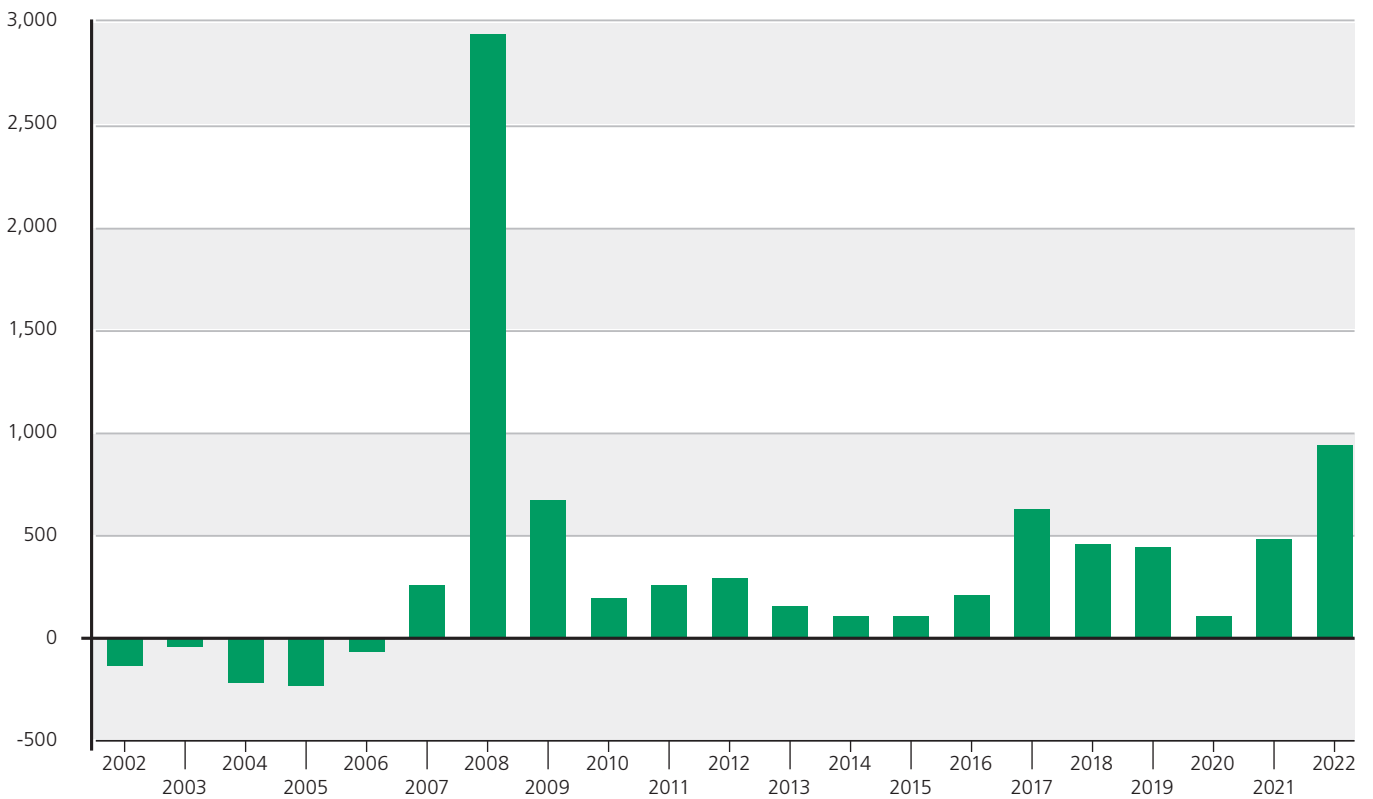
FOREIGN DIRECT INVESTMENT



Germany was the third largest contributor of foreign direct investment (FDI) in Greece in 2022, accounting for 950 million euros in net flows out of a total 7.9 billion euros (just under 12 per cent).

Source: Bank of Greece.

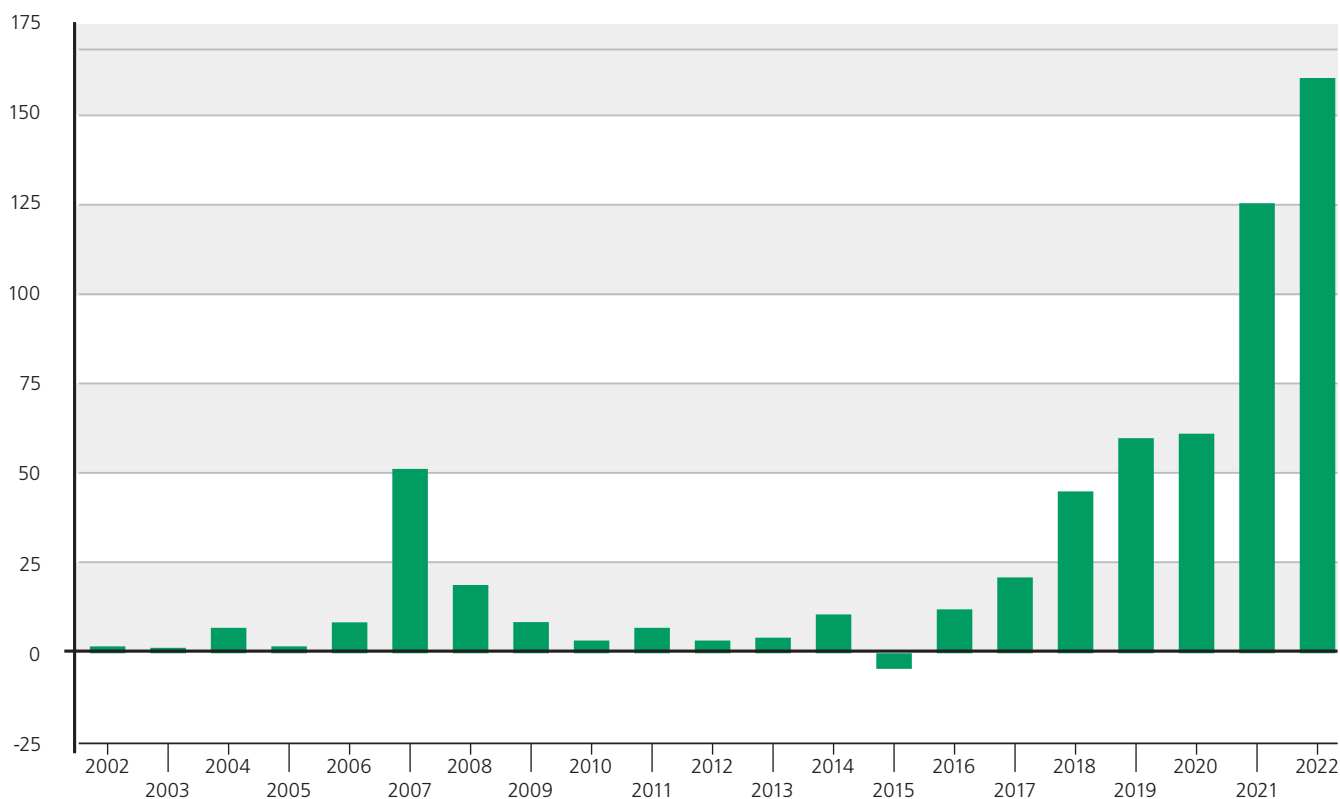
GERMANY: NET FDI IN GREECE (MILLION EUROS)



Source: Bank of Greece.

Among the sectors that are regularly tracked, German investment has been channelled into real estate. Property investments have been growing steadily since 2016 and accounted for 160 million euros in 2022, equivalent to 17 per cent of total flows from Germany, and 8 per cent of total FDI in real estate in Greece that year.

GERMANY: NET REAL ESTATE INVESTMENT IN GREECE (MILLION EUROS)



Source: Bank of Greece.

PROSPECTS

Interactions at both business and diplomatic level suggest that, in addition to growing in value, bilateral trade and investment relations are becoming more strategic on both sides.

The 2022 report of the German-Hellenic Chamber of Industry and Commerce outlined the key priorities of Greek and German businesses for the years ahead. At the top of the agenda is energy, with regard to which German and Greek companies have been exploring partnerships on emblematic projects, encompassing RES, alternative fuels and hydrogen.

Telecoms, IT systems and pharmaceuticals are also priority sectors for German investors in Greece, while there is also strong interest in digitisation, infrastructure, real estate, tourism and agribusiness.

The priorities closely mirror the four pillars of the EU's recovery and resilience strategy following the Covid-19 pandemic, particularly the energy transition and digitisation pillars encompassed by the national strategy 'Greece 2.0'. The energy transition has emerged as an even stronger imperative following the Russian invasion of Ukraine and the resultant RepowerEU programme.

The twin challenges of decarbonising the economy and reducing dependence on Russian energy are seen by both sides as providing opportunities for cooperation. Renewable energy sources (RES), energy storage and cross-border energy interconnections are all seen as fertile sectors for investment. Major projects are supported by EU funding and there is a growing ecosystem of technology companies and suppliers in both countries, forming closer ties.

Commercial relations between the two countries were at the centre of the recent meeting between Greek Prime Minister Kyriakos Mitsotakis and German Chancellor Olaf Scholz. The two premiers discussed the opportunities for shared initiatives in the field of energy, making special mention of 'Green Aegean', a project seen as having strategic importance in the coming years.

Digitalisation of services and expansion of 5G communications are similarly seen as areas of ongoing public and private investment of mutual interest to the two countries.

Another trend strengthening mutual ties is the post-pandemic turn to nearshoring, the relocation of production closer to home and particularly within the EU with the aim of improving the resilience of supply chains.

LANDMARK DEALS

→ Deutsche Telekom/OTE – Telecoms:

Deutsche Telekom **acquired** its first 25 per cent stake of Greece's largest telecoms provider OTE in 2008. As a result of successive acquisitions its stake **reached 50 per cent** in May 2022 and currently stands at 51.7 per cent.

→ Fraport Greece (Fraport/Copelouzos) – Infrastructure/tourism:

Frankfurt airport operator Fraport entered into a 75:25 partnership with Greece's Copelouzos group to bid for the running of 14 regional airports in Greece, which was put out to tender under the terms of Greece's economic adjustment programme. The Fraport Greece partnership **secured** a 40-year concession in 2017 for 1.2 billion euros, the biggest concession in Greek history at the time. The company has since invested 440 million euros in upgrades and increased passenger numbers to record levels in 2023.

RECENT DEALS AND INITIATIVES

→ Meton Energy (RWE/PPC) – Renewable energy:

Essen-based RWE and Greece's largest power utility Public Power Corporation (PPC) formed a 51:49 joint venture, Meton Energy SA, to construct 280 MW of photovoltaic generation in the former lignite mines of Amynteo. The project is a flagship element of the decarbonisation of the Greek electricity sector and the "just transition" programme in the western Macedonia region.

→ Sunlight Group/A. Müller/Triathlon – Batteries/energy storage:

Greek industrial battery manufacturer Sunlight Group acquired German battery technology companies **Triathlon Holding GmbH** and **A. Müller GmbH** in the course of 2023. The unified company intends to focus on opportunities in industrial mobility batteries and energy storage for renewables across Europe and in the United States (<https://www.prnewswire.com/news-releases/sunlight-group-acquires-100-of-triathlon-holding-301880119.html>).

A delegation of seven German companies in energy technology participated in a conference on energy storage and e-mobility charging organised by the Hellenic-German Chamber of Commerce and the Federal Ministry for Economic Affairs and Climate Action (BMWK) in Thessaloniki on 4–7 December 2023. This is the second conference of its kind, the first taking place in June 2023 (<https://www.euro2day.gr/news/enterprises/article/2219082/epta-germanikes-epi-heirhseis-toy-kladoy-energeias.html>).

IN THE PIPELINE

→ Green Aegean:

"Green Aegean" is a proposal for an electrical interconnector joining Greece and Germany to enable the flow of surplus wind power to the south and surplus solar power to the north. The project is being **promoted by** Greek grid operator IPTO and envisages closer cooperation with other European transmission system operators (TSOs).

→ Greece-to-Germany hydrogen pipeline:

A proposal originating in Germany for a hydrogen pipeline running from Greece to Germany via Bulgaria, Romania, Hungary, Slovakia and the Czech Republic. According to media reports, Greek gas grid operator DESFA and its counterparts intend to sign a **Memorandum of Agreement** in early 2024. Germany is set to become the largest hydrogen importer in Europe in the coming decades, with plans to buy around 70 per cent of the hydrogen needed to meet its national targets.

AUTHORS

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