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ΒΙΟΜΗΧΑΝΙΚΩΝ ΕΡΕΥΝΩΝ

The Greek economy: dynamic rebound and global challenges

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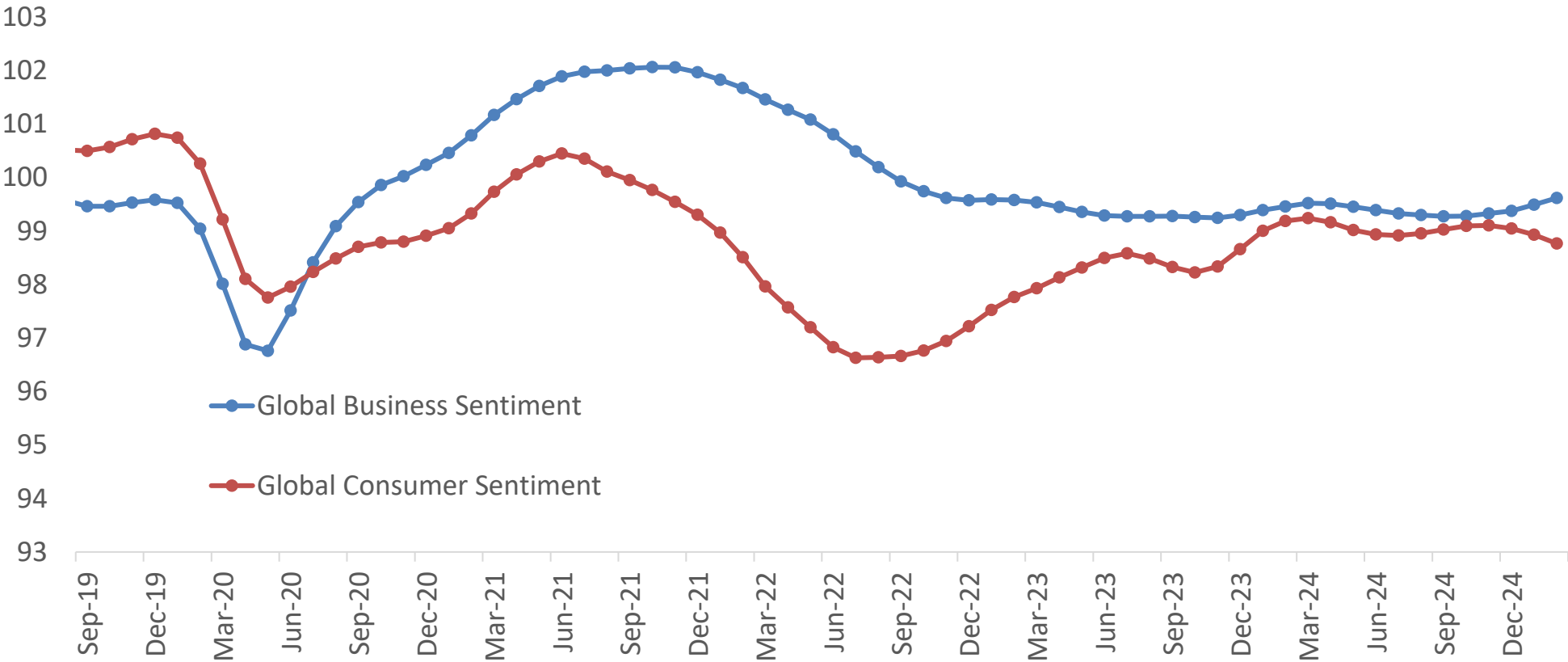
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German Parliament, Athens visit

April 1, 2025

GLOBAL SENTIMENT AND MACROECONOMIC TRENDS

Global sentiment trends



Source: OECD

Consumer sentiment has been weakening since late 2024, largely driven by the US market.
Business sentiment shows resistance amid increasing uncertainty.

Economic sentiment has been stagnant in Europe in 2024, slightly improved in Greece

Economic Sentiment Index



Consumer Confidence Index

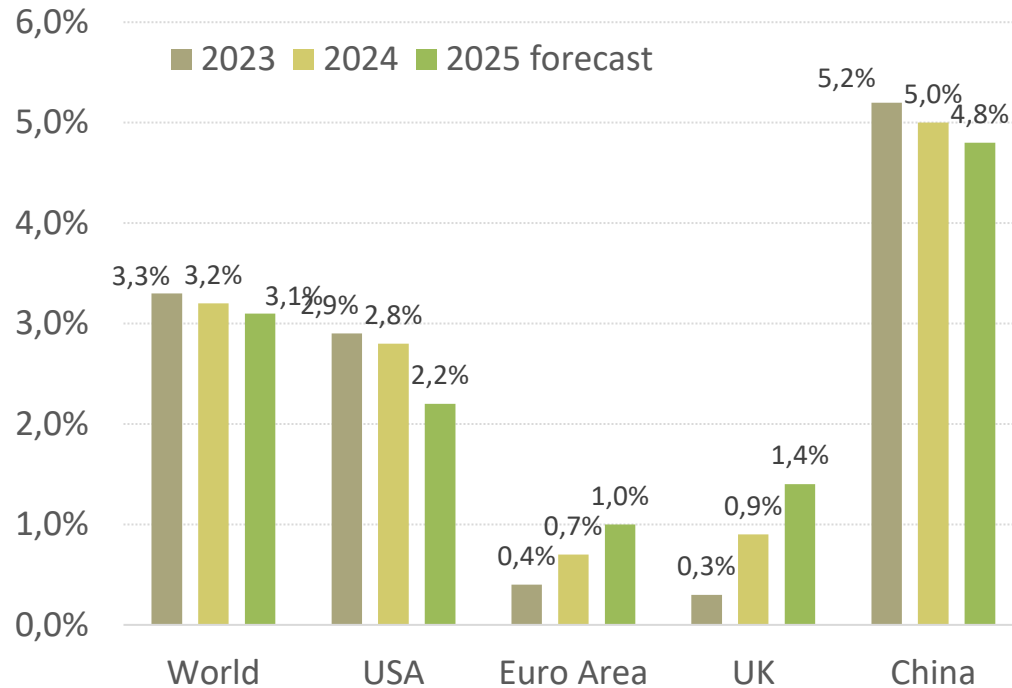


Sources: European Commission, IOBE

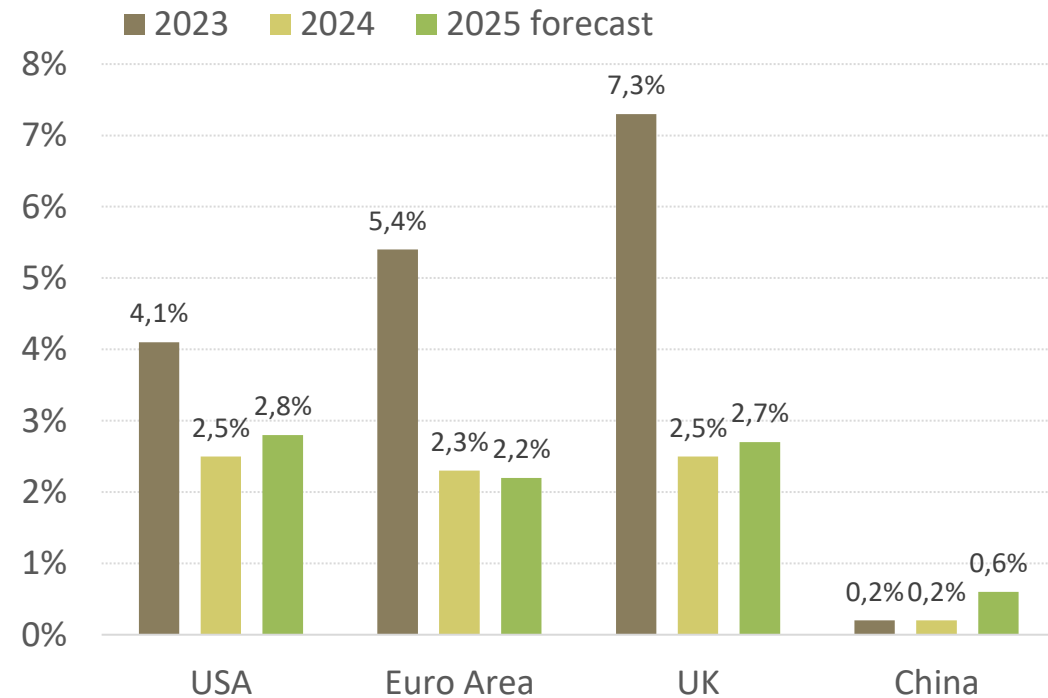
Considerable decline of consumer confidence in Greece during 2024. Diverging trend the Euro Area where confidence has been improving.

European growth rates have been lagging, global inflation has eased in 2024, new pressures appear in 2025

Real annual GDP growth rate



Annual inflation rate

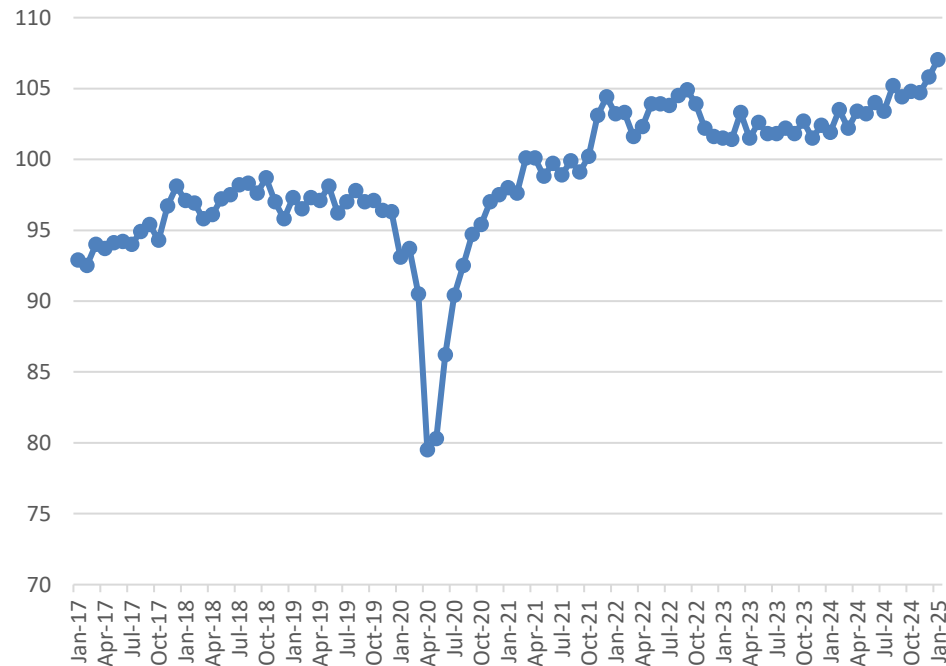


Source: OECD, March 2025

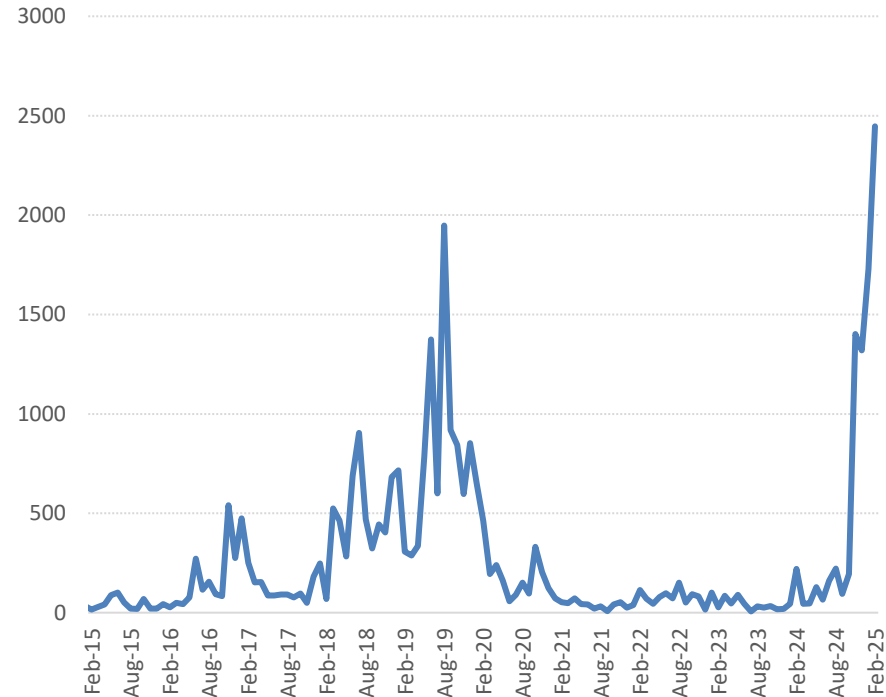
International institutions have recently been revising their growth forecasts (downwards) and inflation forecasts (upwards). The magnitude of revisions is yet small, except for countries such as Canada and Mexico, which are largely hit by the new round of US tariffs.

The volume of global trade has not (yet) decelerated, while trade policy uncertainty has skyrocketed

Volume Indicator of Global Trade
(seasonally adjusted data, 2021=100)



Trade policy uncertainty index



Sources: CPB, US Economic Policy Uncertainty

International trade volume has fully recovered from the pandemic crisis shock, albeit forward looking prospects face risks stemming from the protectionist policy put forward by the new US administration.

EU policy at a crucial juncture of the global environment

Challenges faced by Europe

- Geopolitical: in proximity of war zones
- Demographic: ageing and shrinking
- Economic: innovation and technology gaps
 - Green transition: balance with affordable energy cost
 - Competitiveness: balance between EU competition policy in the single market and industrial policy

EU policy priorities – recent initiatives and strategy papers

- Next Gen EU - Recovery and Resilience Facility (2021-2026)
- Leta [report](#) (2024)
- Draghi [report](#) (2024)
- EU Competitiveness [Compass](#) (2025)
- EU Clean Industrial [Deal](#) (2025)
- ReArm Europe [Plan](#) (2025)

GREECE: STRONG RECOVERY

GDP dynamics in 2024

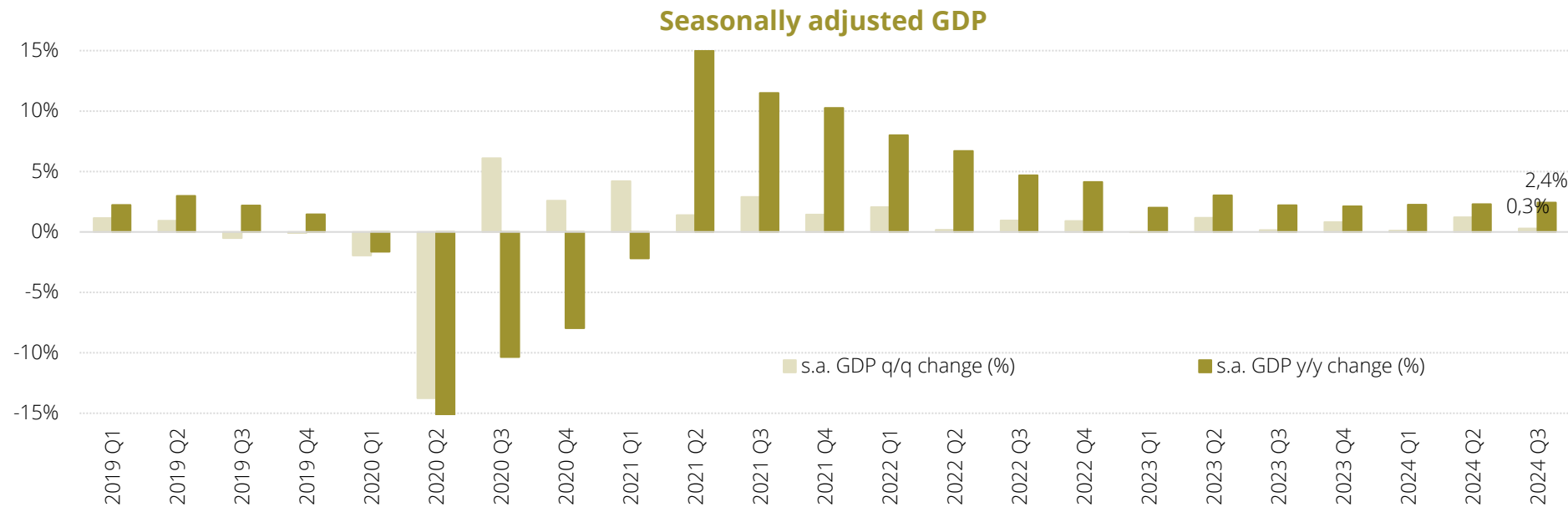
Diverging trends within consumption
(private +2.1% y/y, public -1.4% y/y)

Stronger investments, mainly inventories
(total +18.7% y/y, fixed +0.3% y/y)

Exports increase
(goods +1.2% y/y, services +5.1% y/y)

Imports rise
(goods +2.3% y/y, services +12.5% y/y)

Extroversion remains high
(81% of GDP)

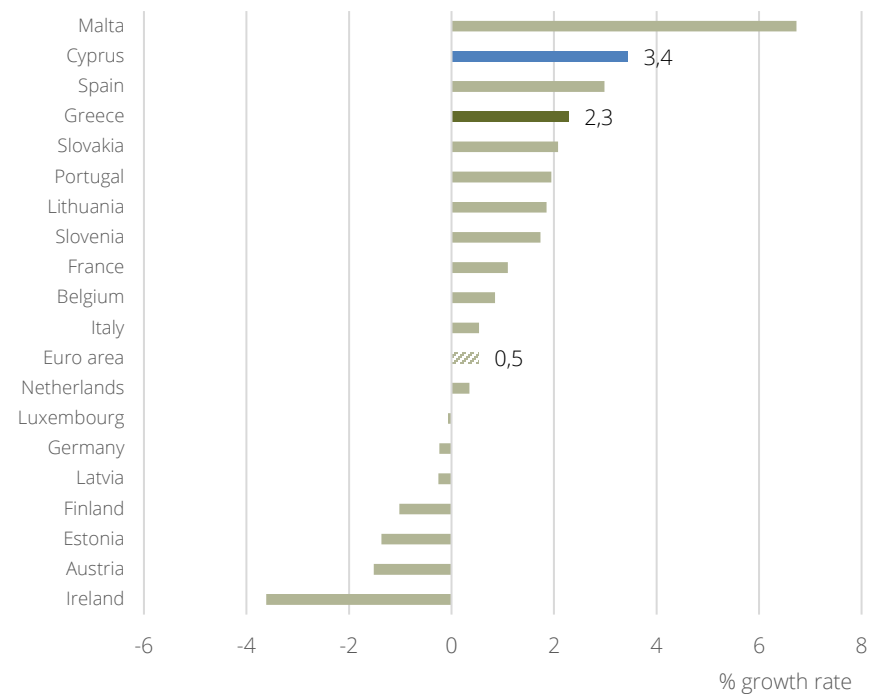


Source: Quarterly National Accounts, Eurostat

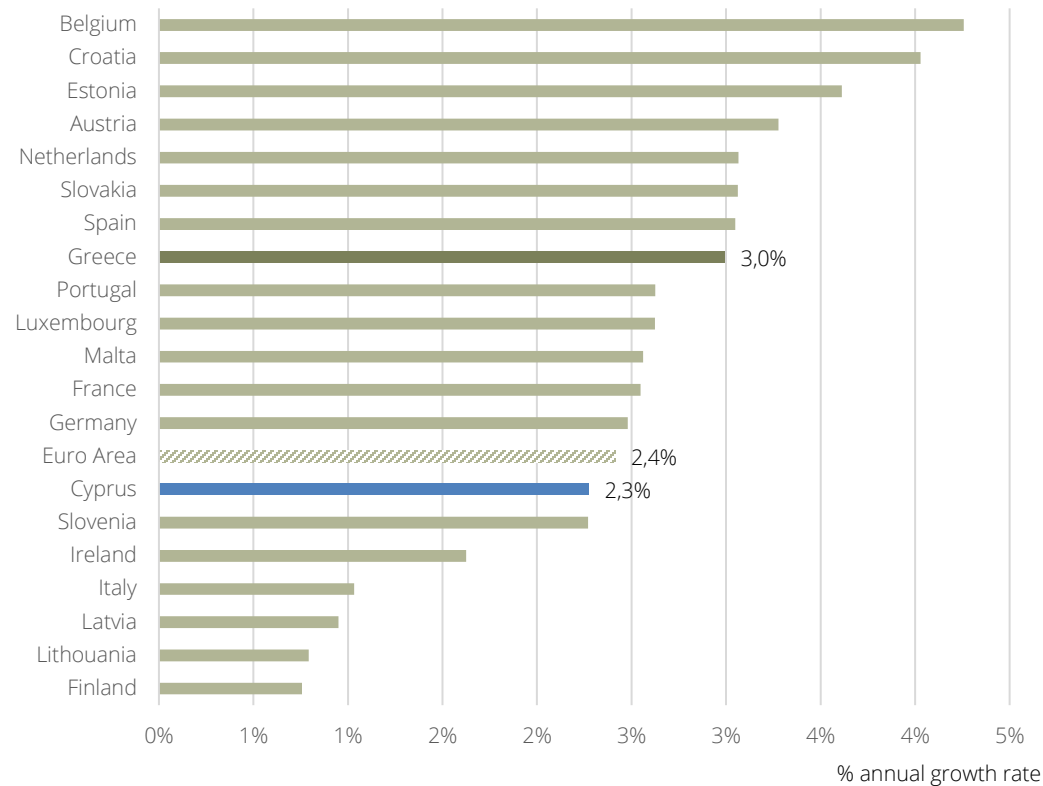
- Real GDP y/y growth of 2.4% in 2024 Q3, marginally stronger than 2.3% in the previous quarter.
- GR growth rate remains significantly above EZ average (0.5%).

Greece has been outperforming the Euro Area average growth rate in 2024

Annualized GDP, real growth rate*,
3rd quarter 2024



Harmonised Consumer Price Index (HICP), January – December 2024

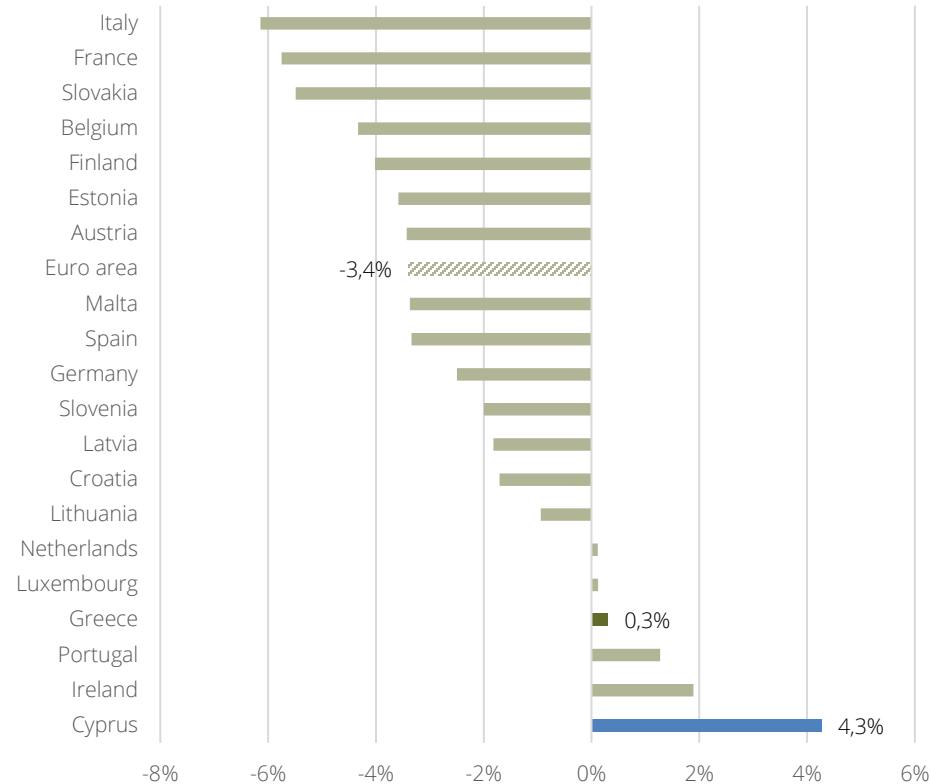


(*) Growth rate of annualized GDP (moving average of 4 quarters, until 3rd quarter 2024)

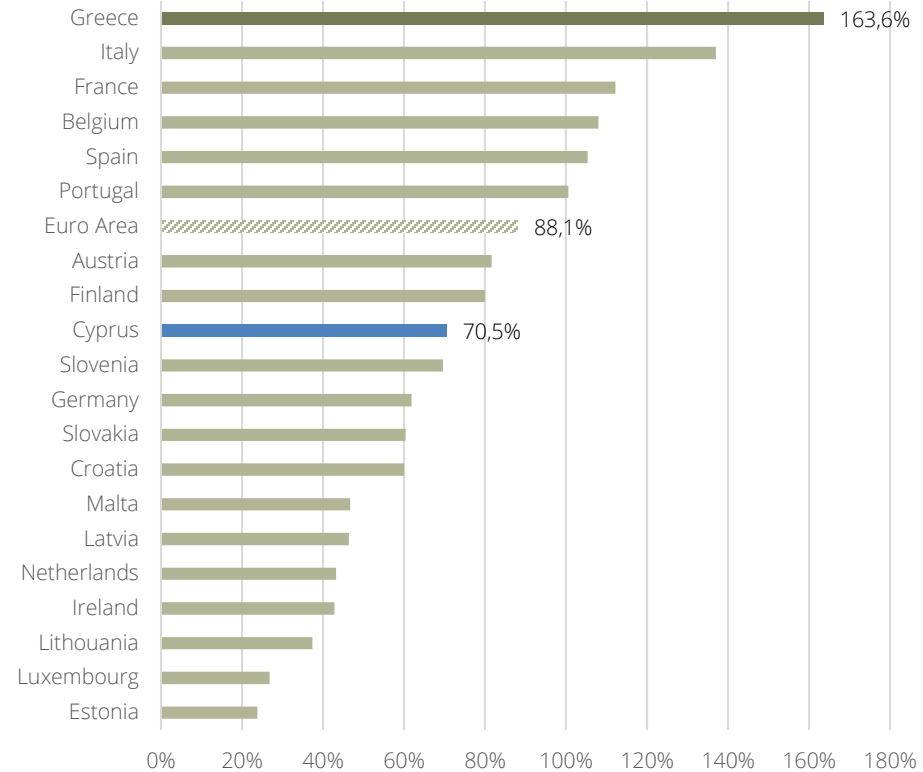
Source: Eurostat

Greece has recently been outperforming on the fiscal balance...

General government balance, in % of GDP, 2nd quarter



General government debt, as % of GDP, 2nd quarter 2024

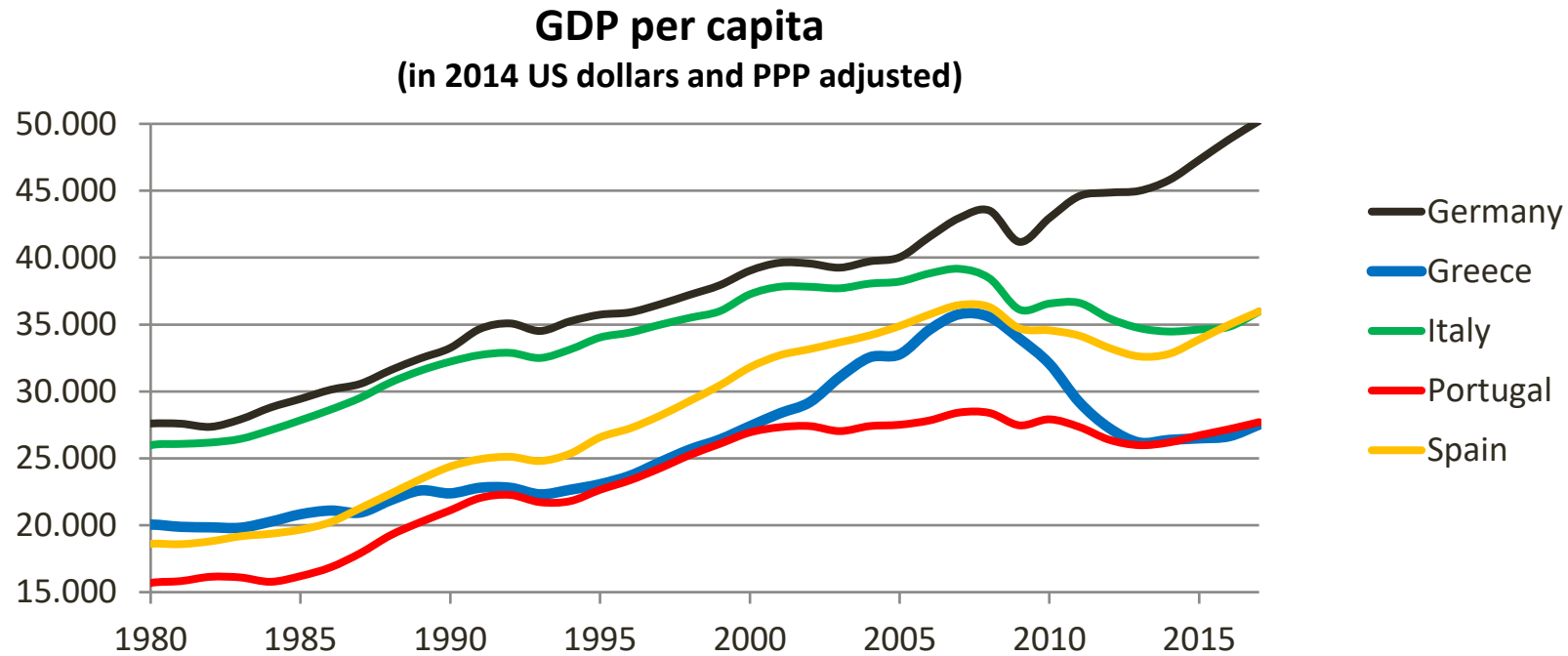


Source: Eurostat

...albeit Greece continues to record by far the highest level of public debt, as a percentage of GDP.

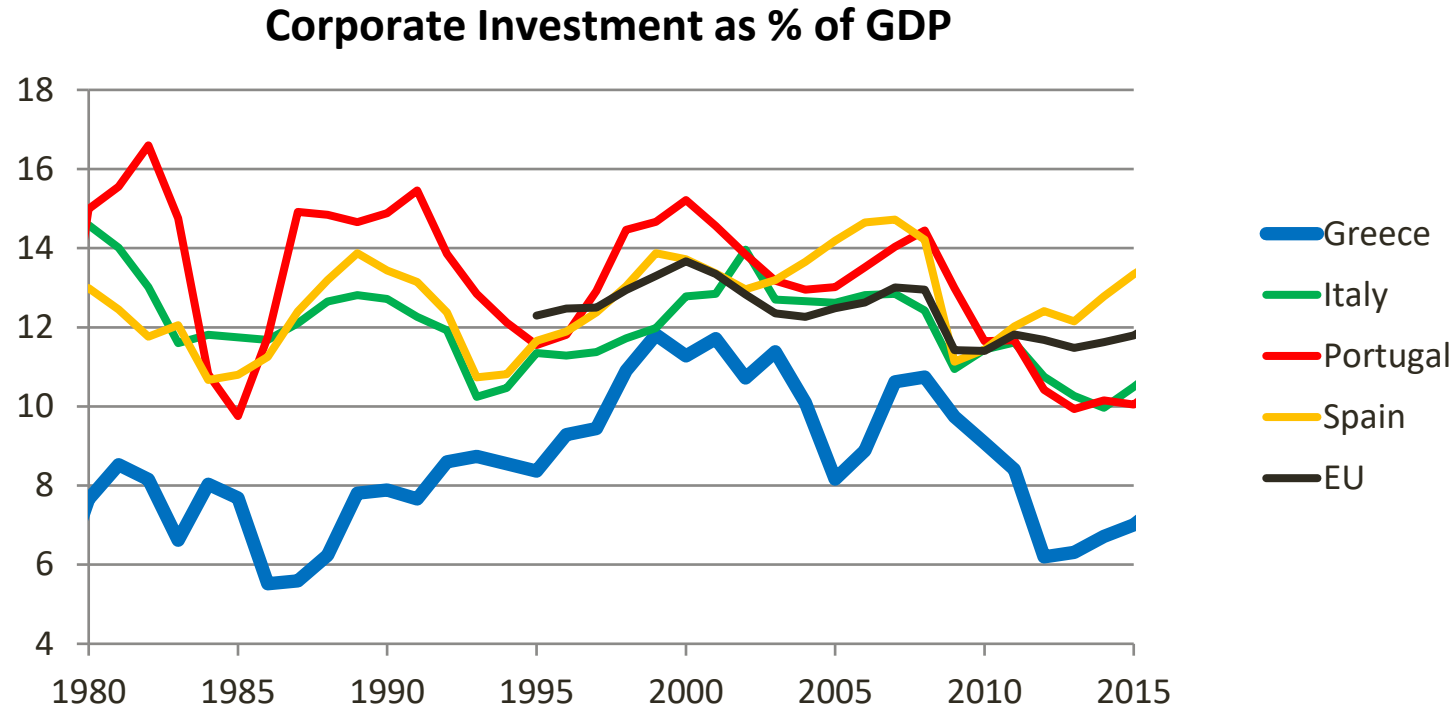
THE GREEK CRISIS – EX POST...

GDP



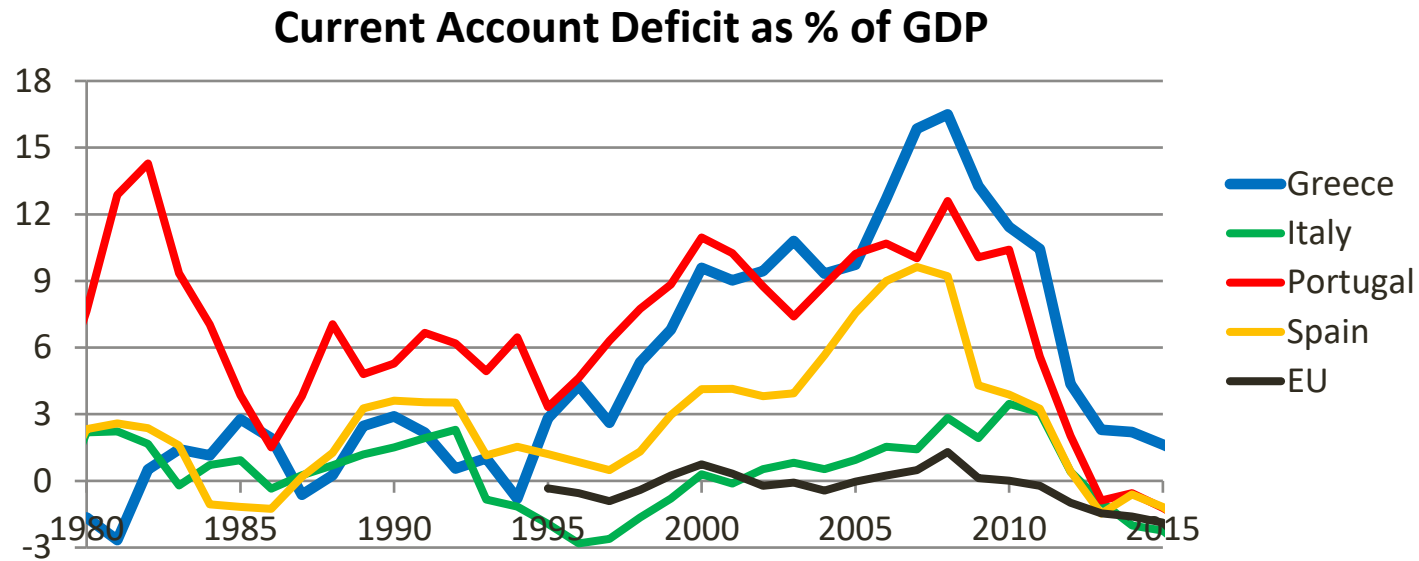
- Greece experienced a large growth and subsequent decline of GDP after Euro entry.
- Its growth over the long term (1980-2017) has been relatively small.
 - Similar to Italy.
 - Similar before and after Euro entry.

Corporate investment



- Corporate investment in Greece has been relatively low.
 - But total investment (incl. housing) is comparable to EU average!
- It rose significantly in the run-up to Euro entry, but dropped again during the crisis.

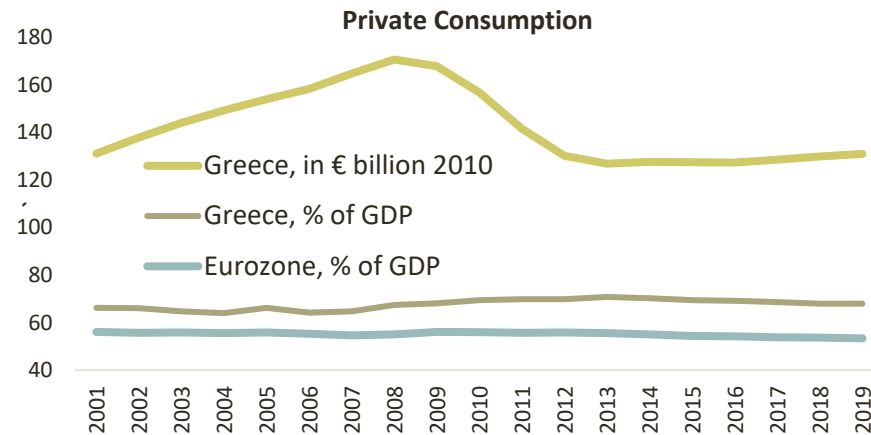
Current Account Deficit



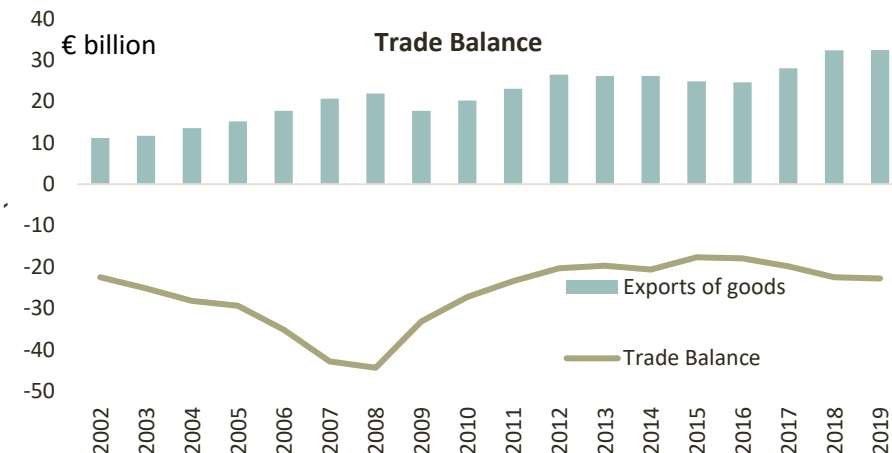
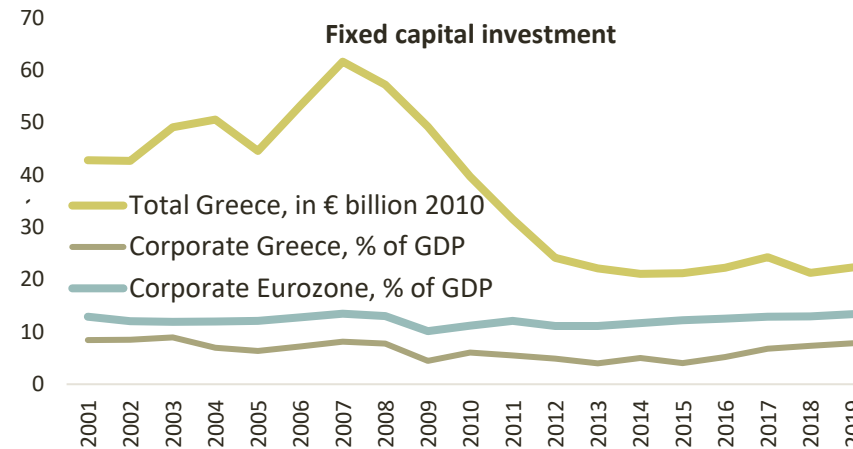
- Current account deficit rose significantly in the run-up to and after Euro entry.
 - Similar to Portugal and Spain.
 - Rise in investment, consumption, and GDP.

Key trends in the Greek economy 2001-2019

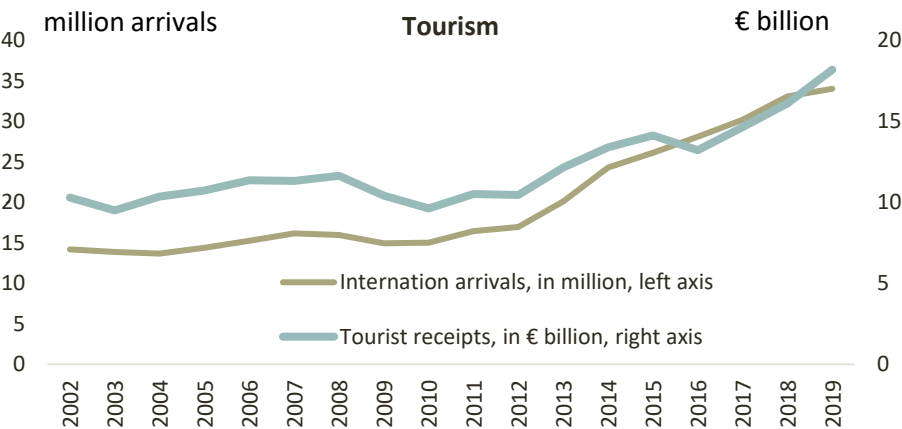
- Private consumption still constitutes a significant share of GDP, higher than the Eurozone average



- Fixed corporate investment has systematically been below the Eurozone average as a percentage of GDP



- The value of goods exports has more than tripled in two decades, but the trade balance remains in deficit

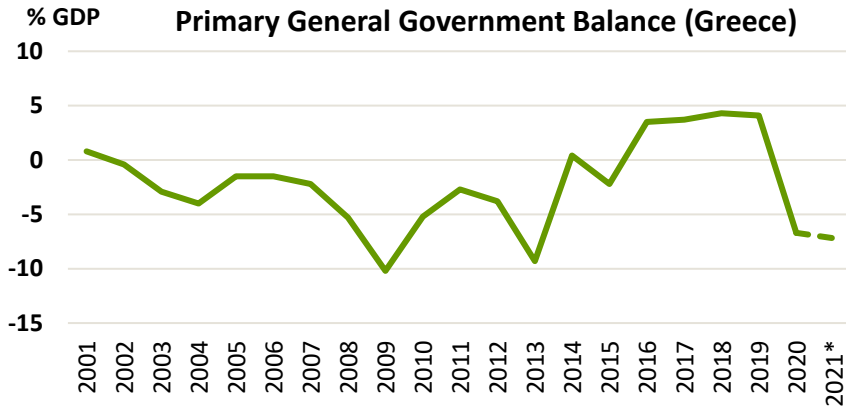


- Revenues from tourism have more than doubled in the last decade, significantly easing the effects of the crisis

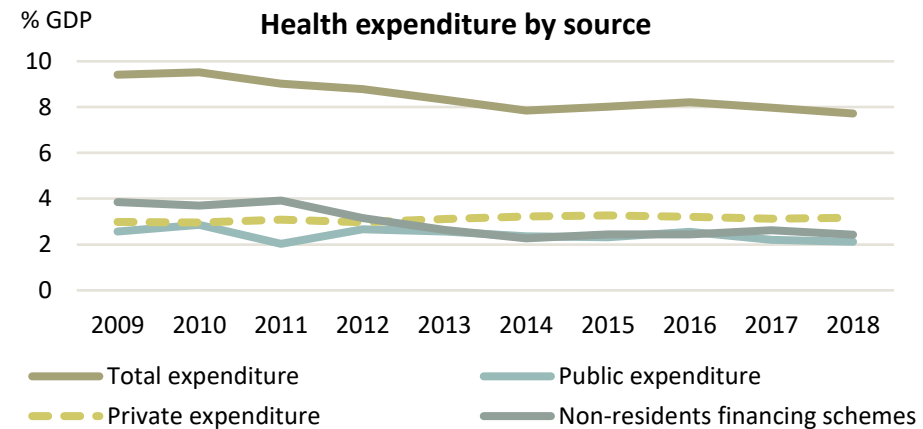
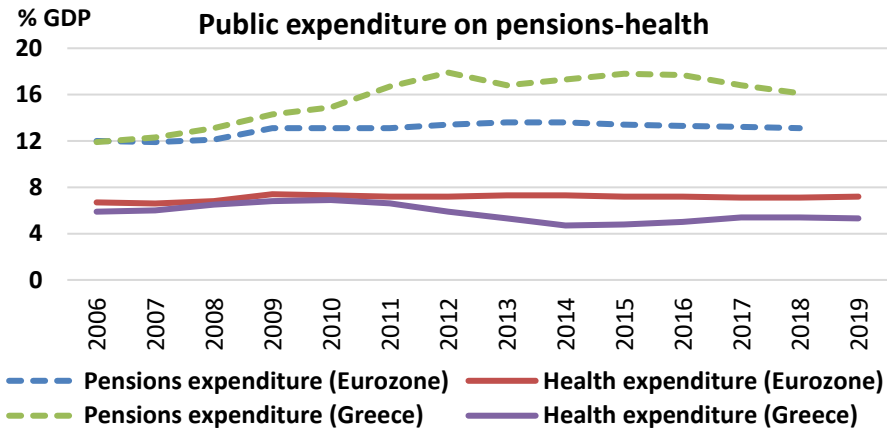
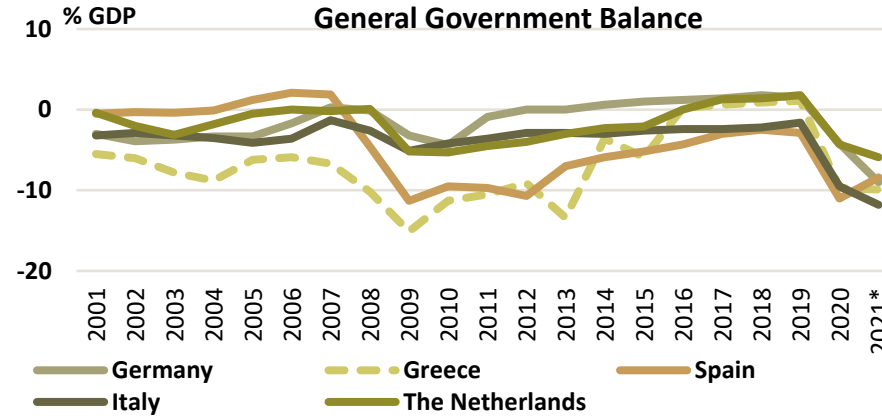
Sources: ELSTAT, Eurostat, Bank of Greece

Rescue programs: Convergence to the "core" of the Eurozone, for fiscal balance.

- Fiscal adjustment was effective, but with disproportionate weight between revenue and expenditure



- Since 2017, Greece has been at the average of Eurozone's "core", in terms of the General Government Balance

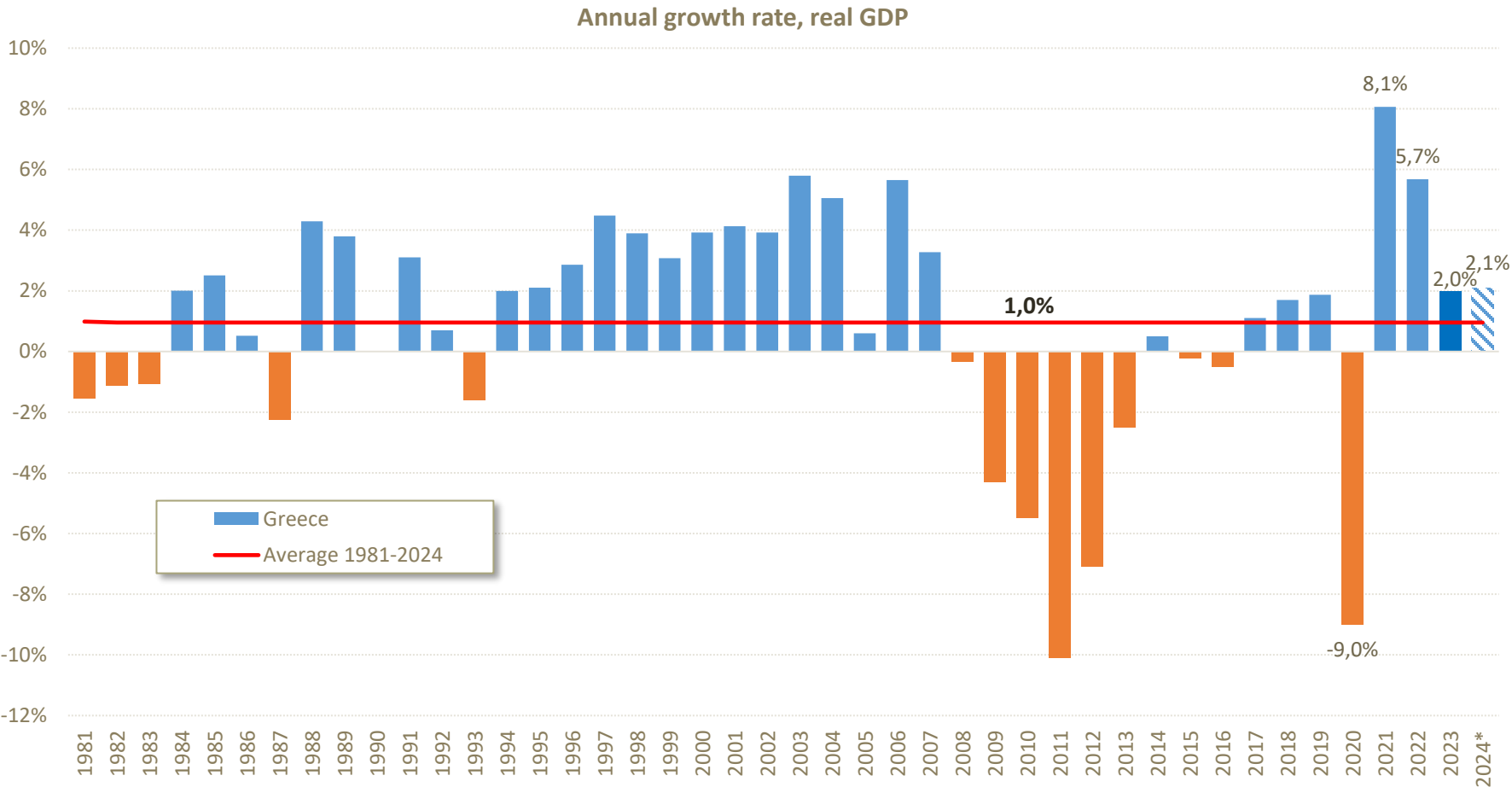


- Higher pension spending over time compared to Eurozone and lower health spending, as % of GDP

* Forecasts: Stability Programme 2021
Source: Eurostat

- Public health spending determines the trend of total health spending

Long term growth dynamics and prospects



Sources: Eurostat

Note. The forecast for 2024 relies upon IOBE (April 2024).

KEY CURRENT TRENDS IN THE GREEK ECONOMY

The Greek economy has become more extrovert...



Source: Eurostat, Data Processing: IOBE

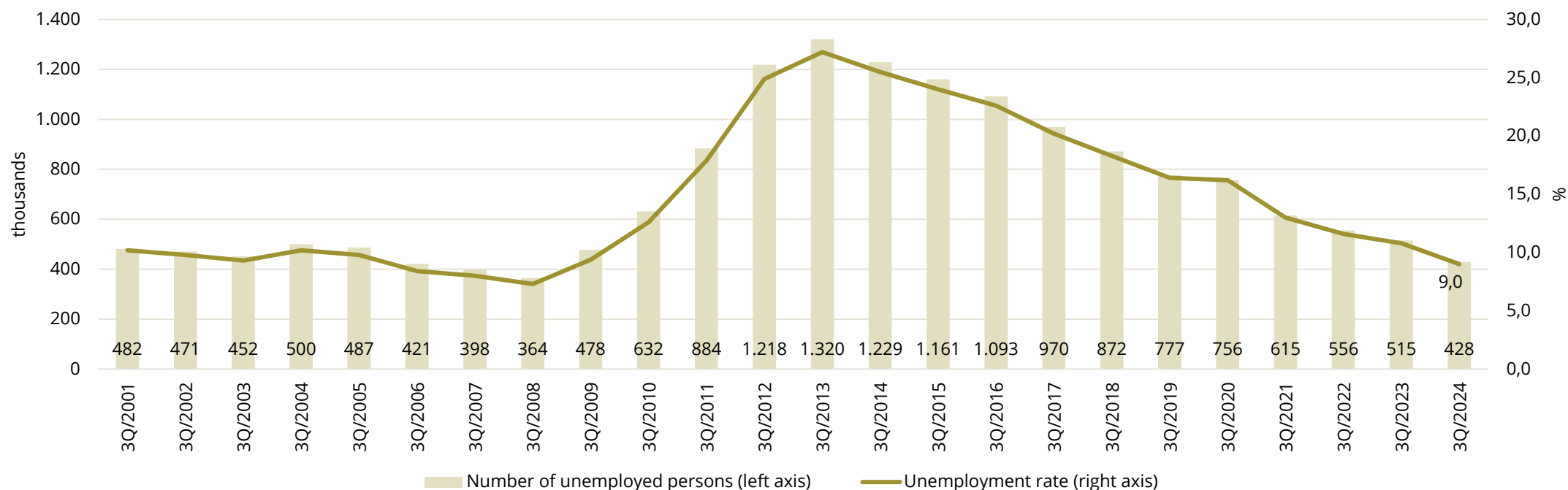
Extroversion of the economy
(Exports + Imports) / GDP



...due to boosting exports and imports, albeit the trade deficit has widened

Unemployment rate has dropped to single-digit in 2024 Q3

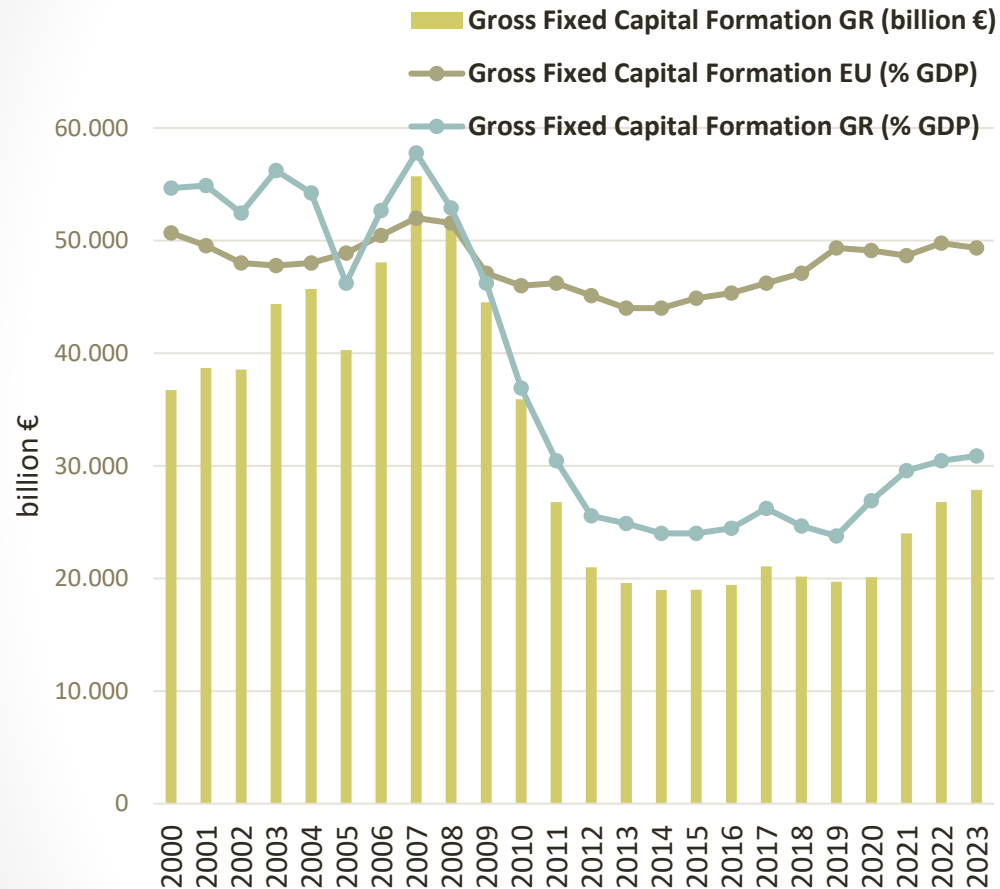
Number of unemployed and unemployment rate in Greece



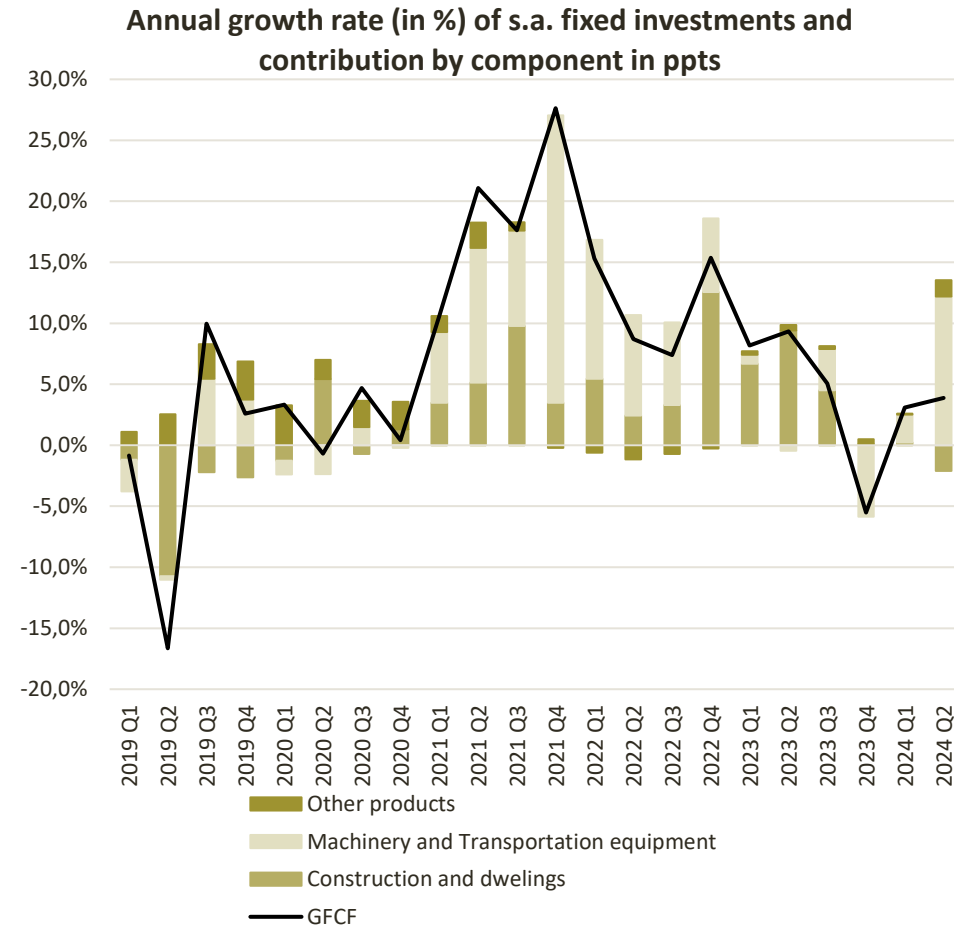
Source: ELSTAT

- Unemployment rate at 9.0% in 2024 Q3 compared to 10.8% one year earlier. Marginal drop of labor participation rate.
- Increase of employment in Retail and Wholesale Trade (33.4 thousand), Construction (19.6 thousand), Transportation and Logistics (17.2 thousand).

The accumulated investment gap is narrowing, but slowly...

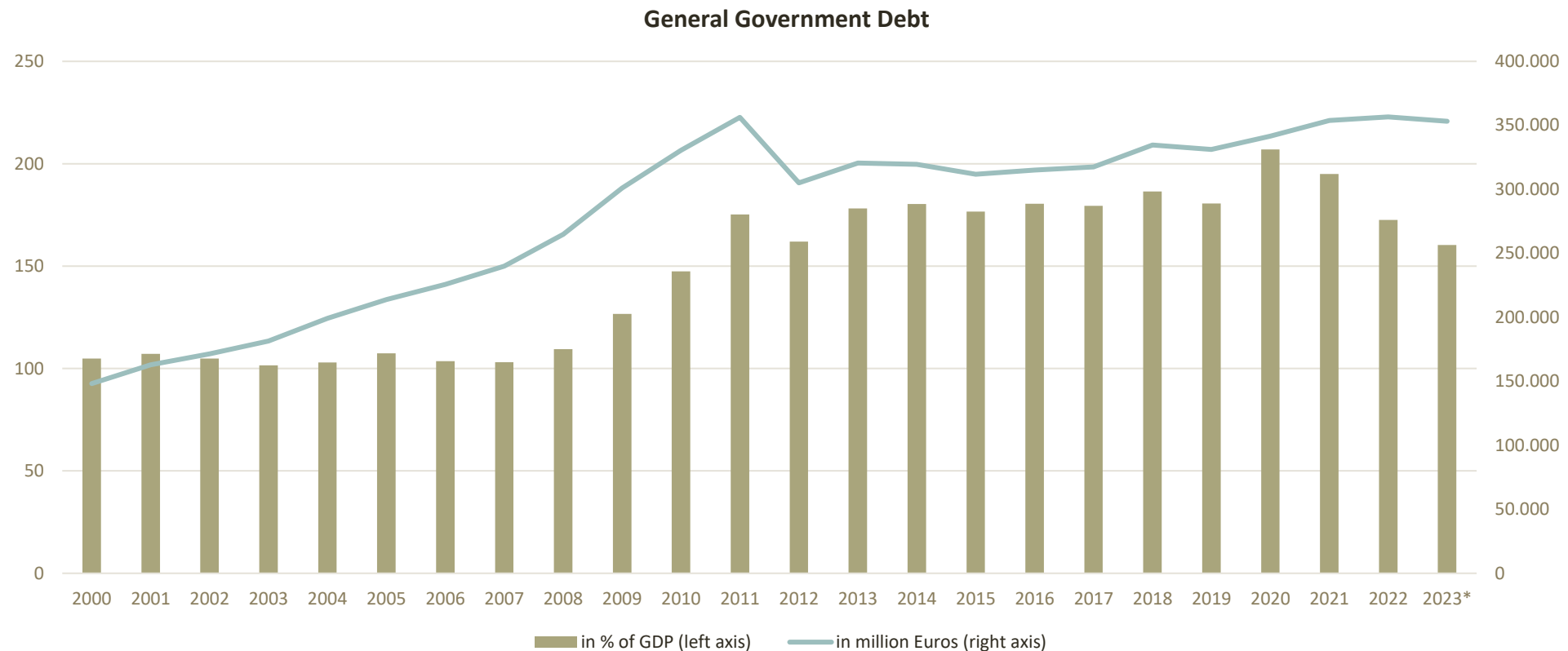


Source: Eurostat, Data Processing: IOBE



... driven largely by housing-construction and mechanical-transport equipment

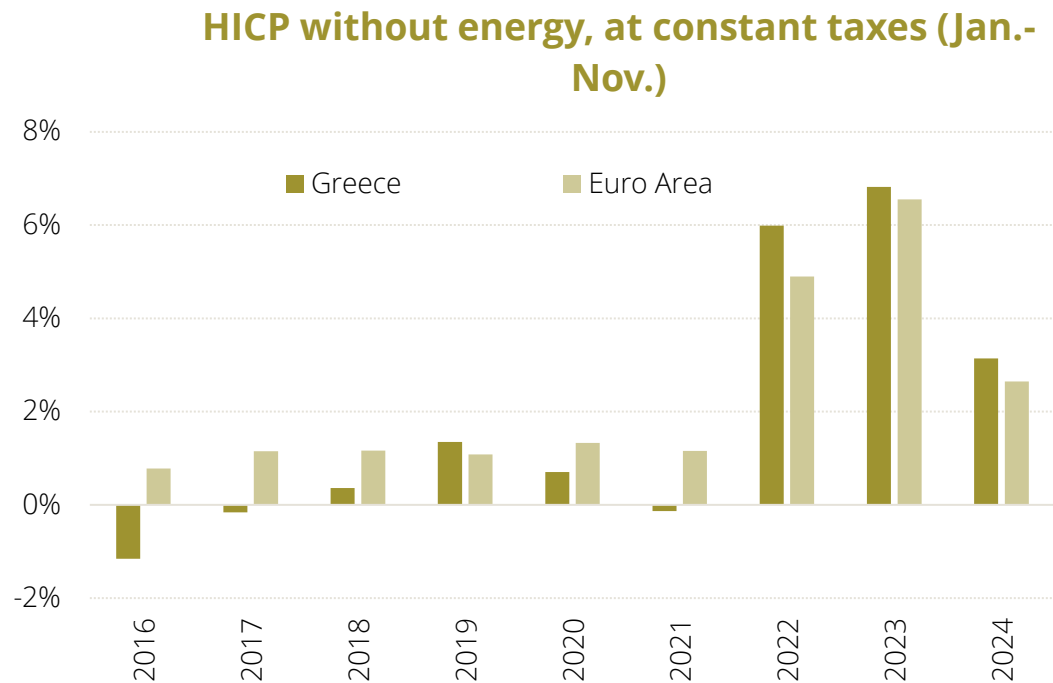
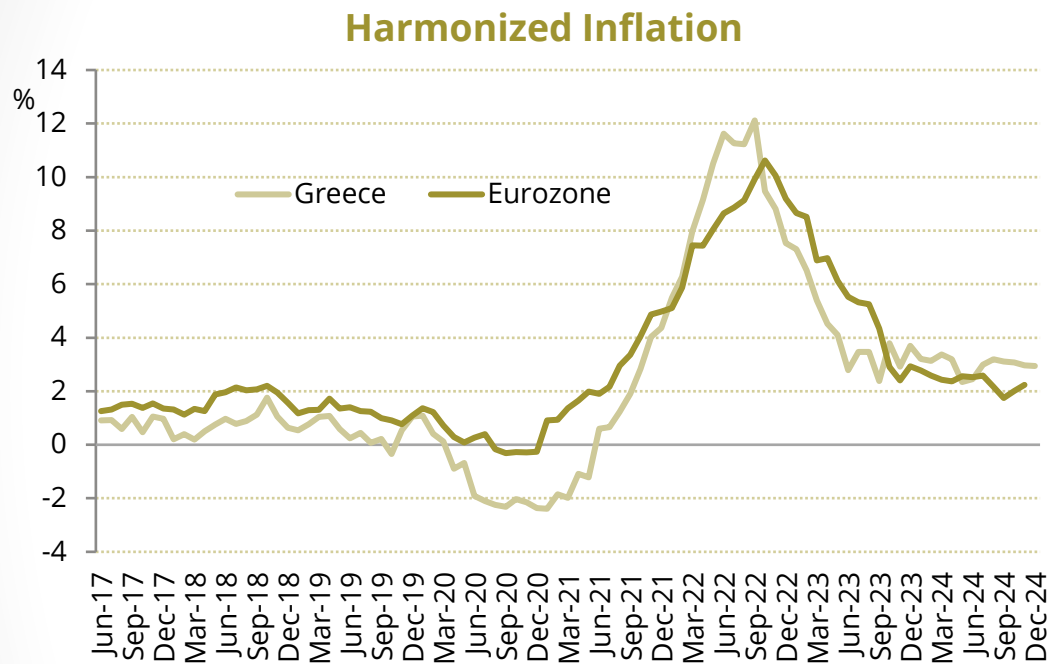
Public debt decreasing a GDP%



Source: Eurostat. Note: The debt estimate for 2023 stems from the Budget of 2024

The very high stock of public debt reveals the need for systematically prudent fiscal policies. Qualitative features preserve the medium-term sustainability of Greek public debt: long maturity, fixed interest rates, local currency denomination.

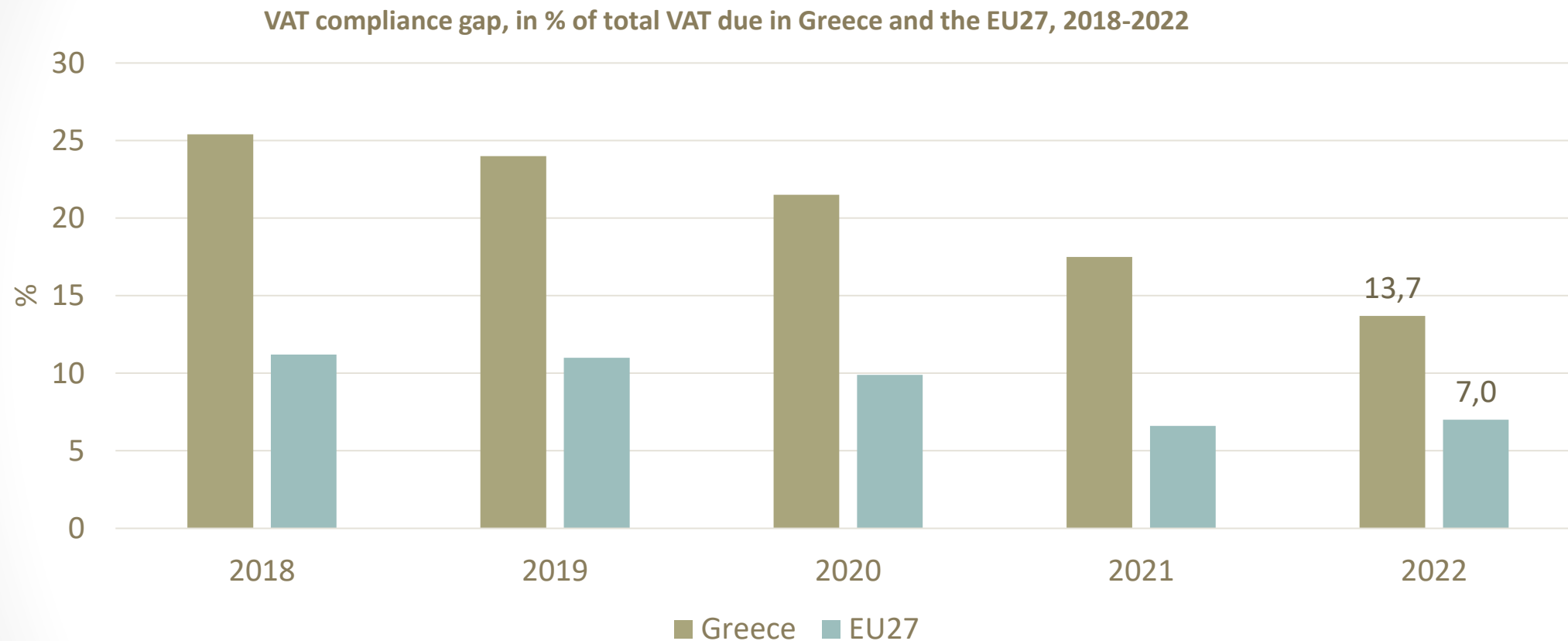
Inflation rate has eased in 2024 to 3.0% (HICP), from 4.2% in 2023: annual drop of energy prices



Source: Eurostat

- **Euro area:** Inflation decelerates in 2024, at 2.4% from 5.5% a year ago.
- **Greece:** Annual growth rate of domestic HICP, at 2.9% in December 2024, from 3.0% in November.
 - For Jan.-Nov. 2024: Rise in HICP by +3.0% y/y, compared to 4.2% y/y in 2023, due to the rising price impact of non-energy goods (3.1%). Negative contribution from energy goods (-0.4%), while indirect taxation had a marginal contribution (+0.2%).

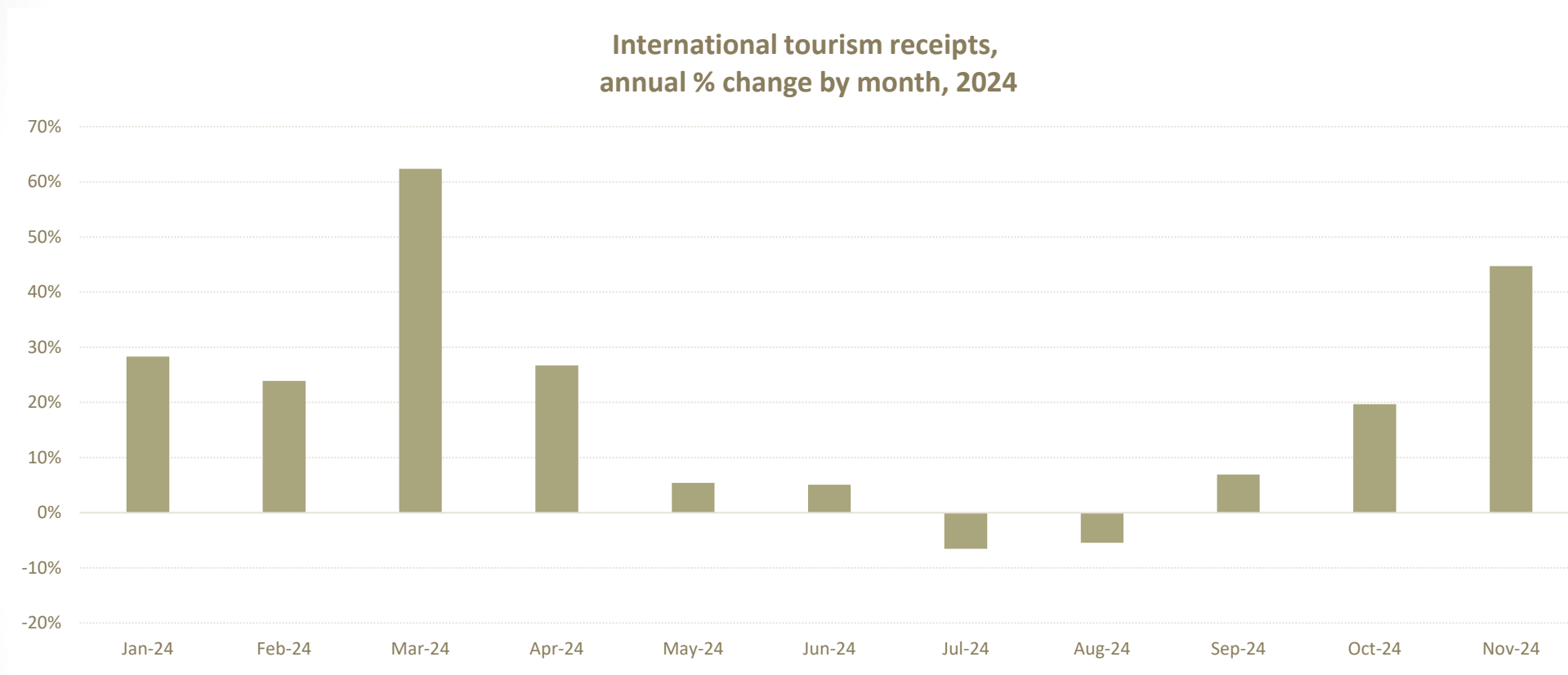
The VAT compliance “gap” has almost halved in Greece during 2018-2022, albeit remains high



Source: European Commission, Data Processing: IOBE

The gap from EU average remains significant, by 11.7 pts. Greece ranks 5th from last in the EU, compared to 2nd from last in 2018.

Tourism gained further momentum in 2024



Source: Bank of Greece

During Jan-Nov 2024, international tourism receipt have increased by 4.9% y/y, while there are signs that the season expands beyond Q3.

IOBE macroeconomic forecasts (Jan 2025)

Estimate for 2024 (real y/y growth)

- GDP: $\approx 2.3\%$
- Private consumption: $\approx 1.7\%$
- Public consumption: $\approx -4.2\%$
- Investments (Fixed): $\approx 22.0\%$ (3.0%)
- Exports: $\approx 1.1\%$
- Imports: $\approx 5.0\%$

- Unemployment rate: $\approx 10.1\%$
(in % of labor force)
- Inflation rate (HICP): $\approx 3.0\%$

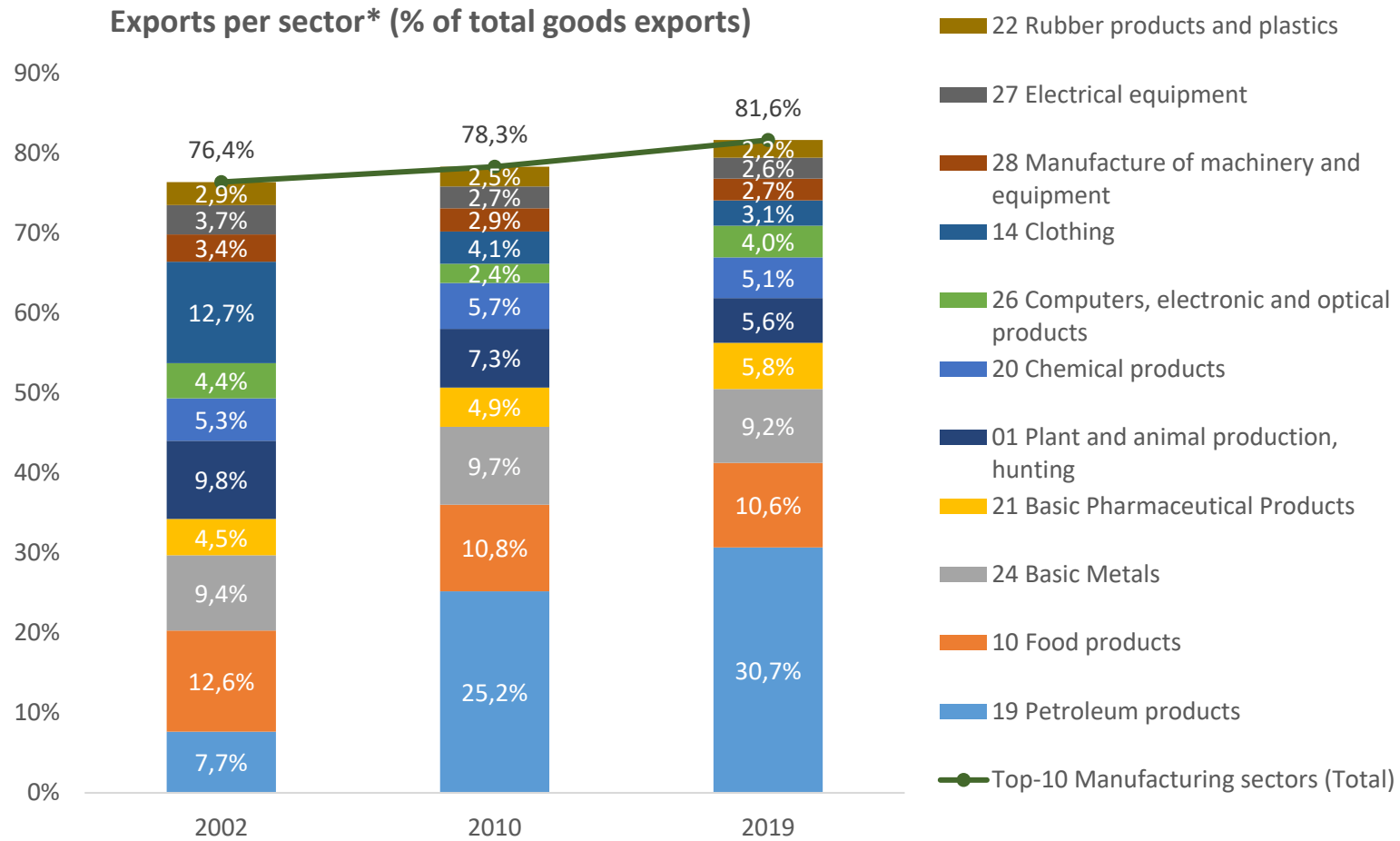
Forecast for 2025 (real y/y growth)

- GDP: $\approx 2.4\%$
- Private consumption: $\approx 1.6\%$
- Public consumption: $\approx -0.4\%$
- Investments (Fixed): $\approx 6.0\%$ (9.5%)
- Exports: $\approx 2.8\%$
- Imports: $\approx 1.9\%$

- Unemployment rate: $\approx 9.3\%$
(in % of labor force)
- Inflation rate: $\approx 2.4\%$

LOOKING AHEAD

Greek exports of goods



* 2-digit NACE Rev.2 sectors. Source: Eurostat, International Trade by CPA

Exporting sectors

	Exports as a % of GDP, Greece, 2019	Exports as a % of GDP, EU-9, 2019
Total exports	37.2	65.5
Agricultural products, food and raw materials	4.4	6.4
Petroleum products	6.3	3.0
Industrial products	9.2	38.2
Transportation (mainly sea transport)	7.5	4.5
Tourism	7.8	4.0
Other services (health, education, IT etc.)	2.0	9.3

EU-9: EU countries comparable in terms of population to Greece: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Hungary, Netherlands, Sweden.

Significant lag in exports, particularly in exports of industrial products.

Source: 'Pissarides Report', 2021

The Revised National Recovery and Resilience Plan has committed European funds of €21.25 billion for the 2024-2026 three-year period

Summary of disbursements to Greece from the EU Recovery and Resilience Fund

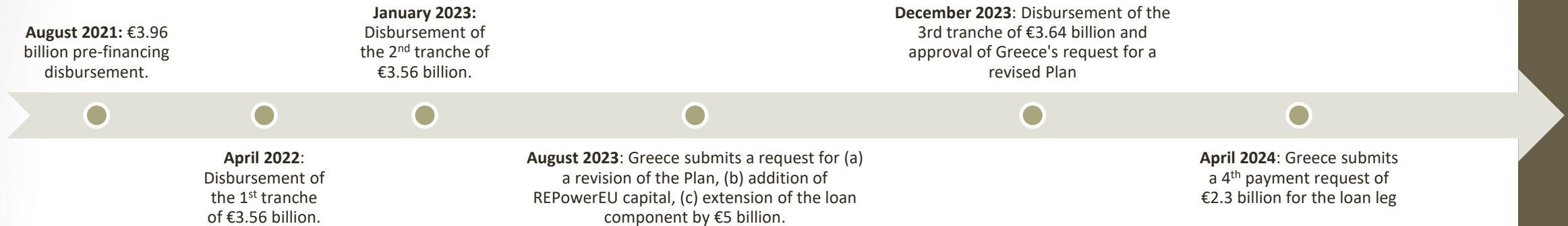
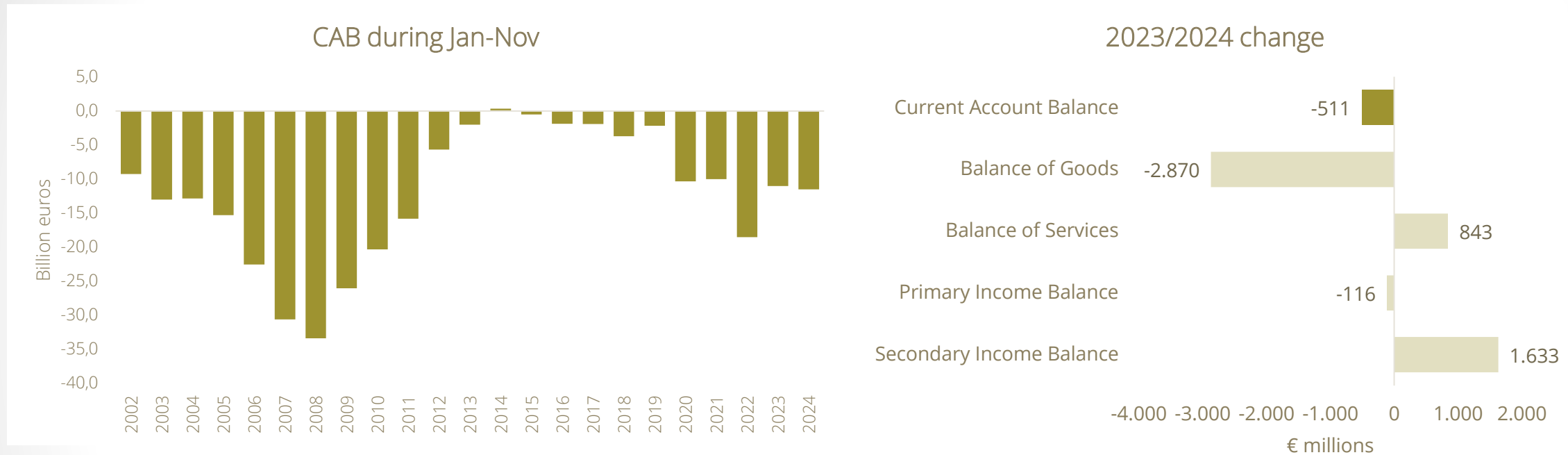


Table. Allocation of funds of the revised Recovery and Resilience Plan for Greece, April 2024

	€ billion	% of total
Total resources of the revised Greek RRF	35,95	100%
of which:		
Grants	18,22	50,7%
Loans	17,73	49,3%
Investments related to green transition	13,70	38,1%
Investments related to digital transformation	7,94	22,1%
Other investments	14,31	39,8%
Funds already disbursed	14,70	40,9%
Funds pending until 2026	21,25	59,1%

Source: European Commission, Data processing: IOBE

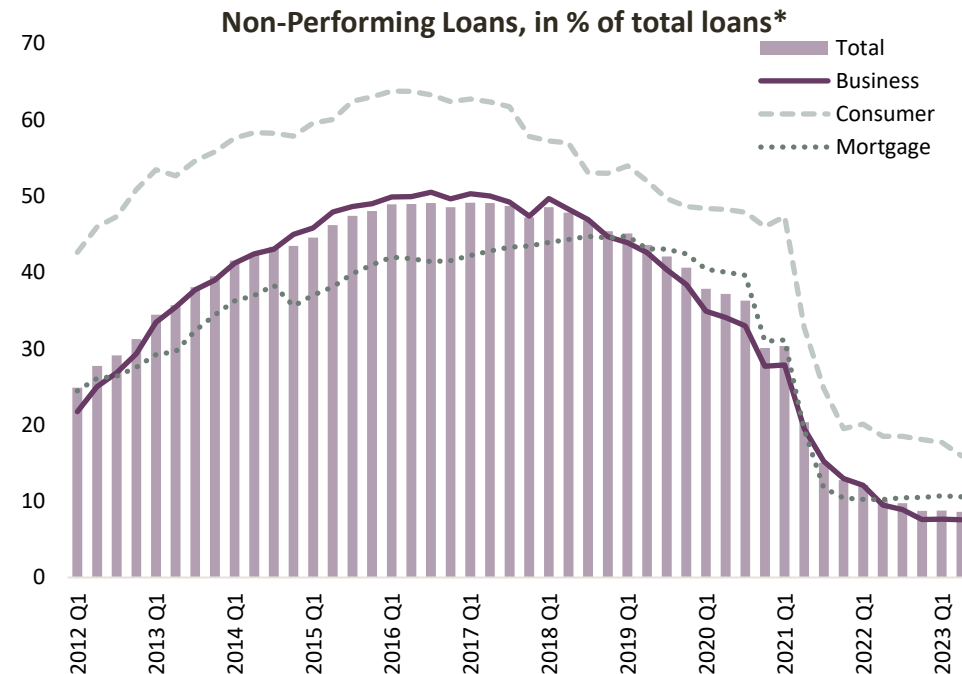
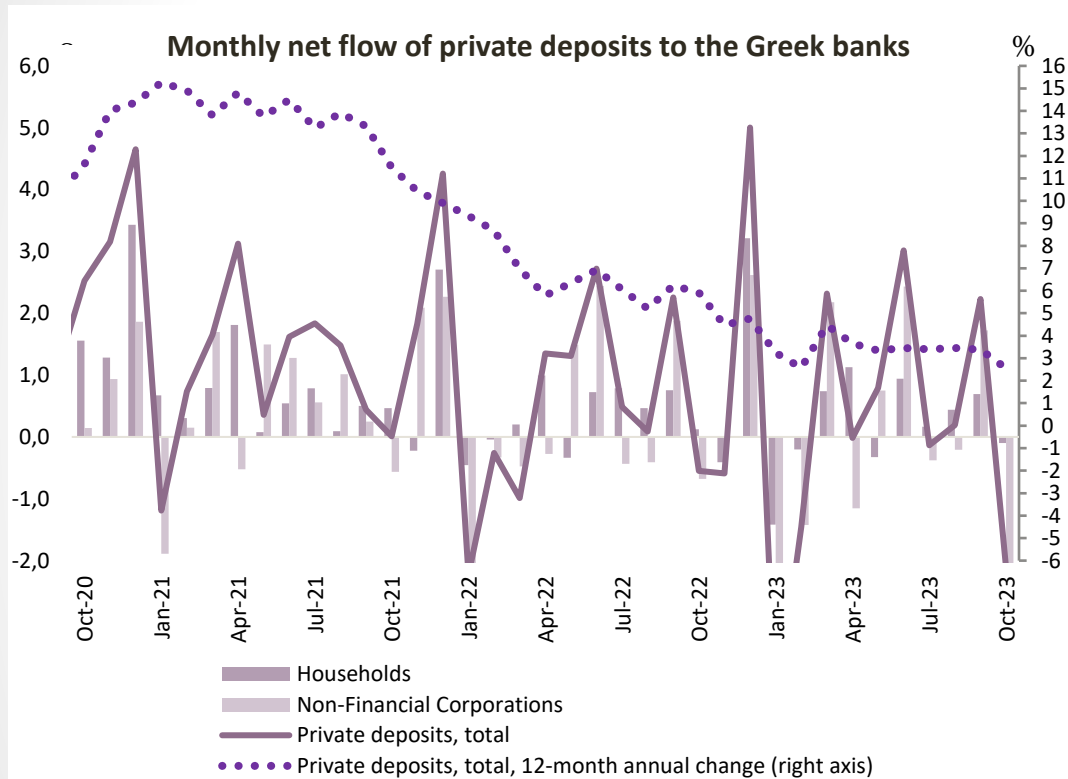
The Current Account Balance (CAB) recorded a deficit of €11.5 billion during Jan-Nov 2024, €0.5 billion higher than in 2023



Source: BoG

- Deterioration of **goods deficit** during Jan-Nov by €2.9 billion, due to lower energy exports and higher goods imports.
- Improvement in **services surplus** by 843 million, due to higher tourism revenues during Jan-Nov by 1.0 billion.
- Deterioration in **primary income balance** by €116 million, due to income outflows (profit, interest, dividends).
- Improvement in **secondary income balance** by €1.6 billion.

Structural characteristics in the banking sector have improved...

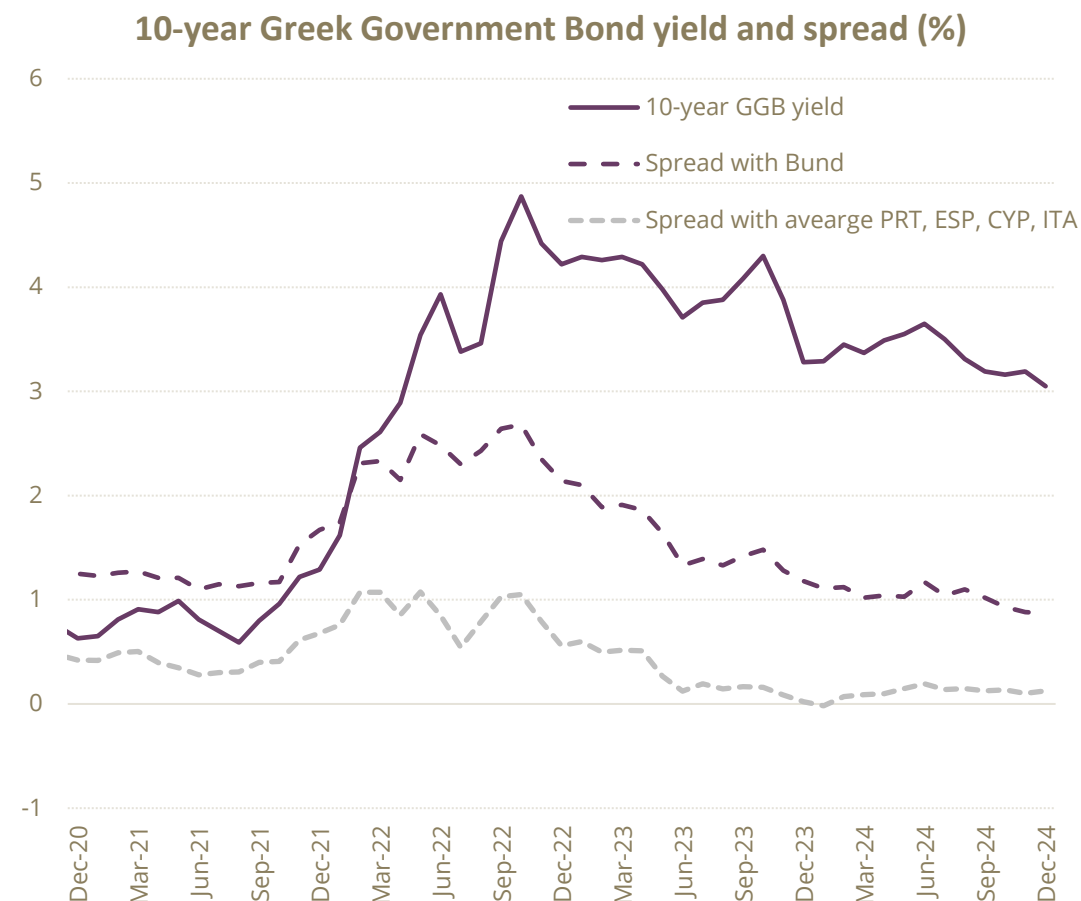
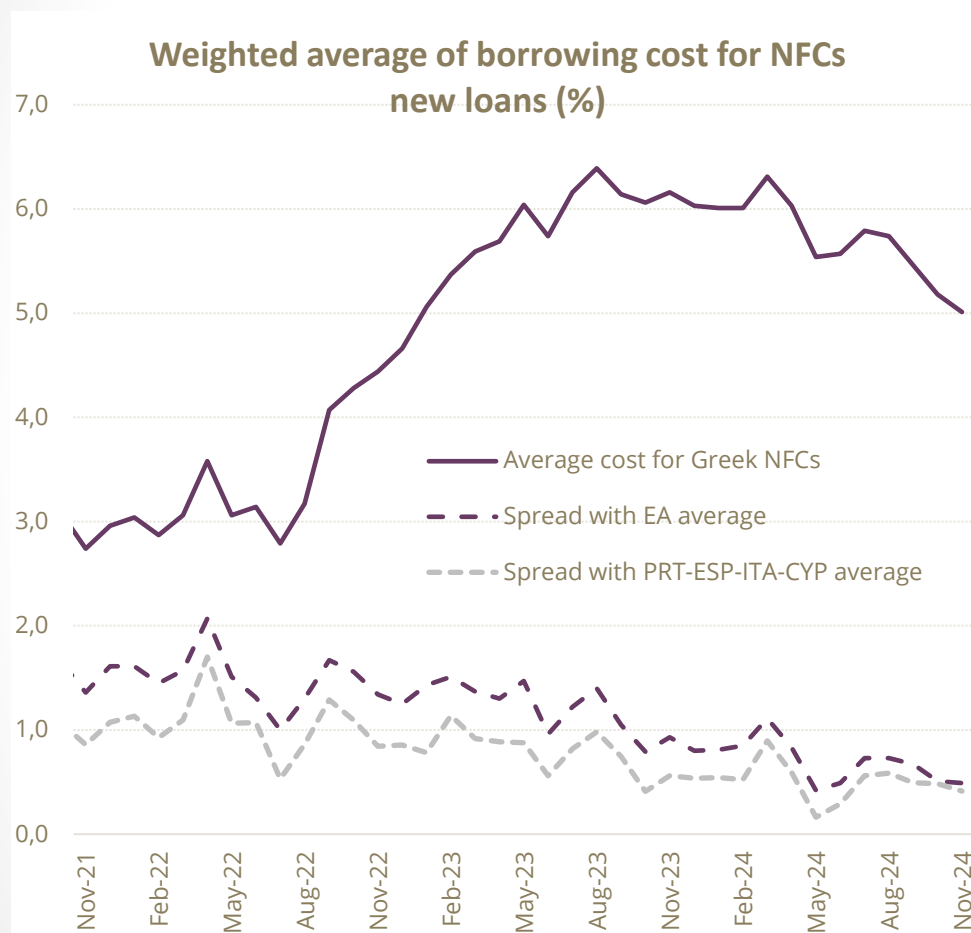


Source: Bank of Greece. * On-balance sheet loans (before provisions) for all Greek banks on a non-consolidated level

...yet, there remains a large chunk of “red loans” off-balance sheets of the banks.

- Private sector deposits (households and non-financial corporations) have been increasing during 2020-2023.
- NPL ratio has dropped to 8.6% in 2022 Q2, which is a 14-year low, from 46.1% in 2016 Q3. Significant decline in the NPL stock since 2020 due to securitizations with state guarantees (Hercules programme).

The cost of new funding for the public and the private sectors has eased in 2024, while the spread with EU peers has narrowed

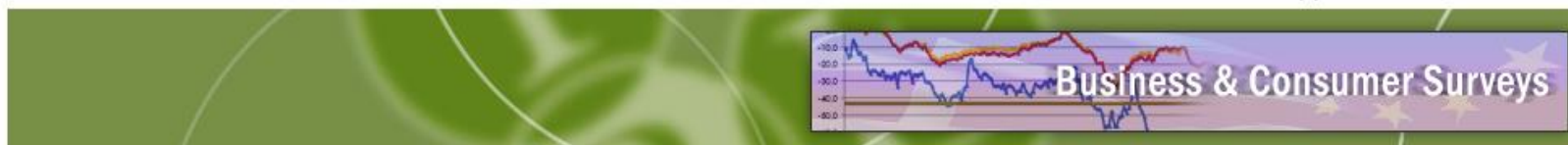


Source: ECB

WRAP UP

Overall assessment

- The Greek economy has been hit by the sovereign debt crisis after 2008, Covid-19, the war in Ukraine and the energy supply crisis. It has shown resilience but, over the years has not realized its high potential.
- Implementation of productivity enhancing reform policies are crucial for the economy's long-term prospects. The mix of prudent, while growth enhancing, fiscal and monetary frameworks are prerequisites.
- Tourism/culture, manufacturing/high-tech and research/education are key areas where the growth potential is huge



Financial Data of Oil and Oil Products for 2020

The study attempts to assess the prevailing trend in the wholesale trade of petroleum products sector in Greece, based on the latest available financial data of the members of the Hellenic Petroleum Marketing Companies Association (SEEPE) in 2020. In addition to the key data, profitability indicators are presented both for the industry as a whole and for each company in the sample....

[Read more...](#)

Bulletin of Trends in the Greek Industry Sector(October 2021)

Monthly bulletin of trends in the Greek industry sector..

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Bulletin of Trends in the Greek Industry Sector (September 2021)

Monthly bulletin of trends in the Greek industry sector...

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The Foundation for Economic & Industrial Research (IOBE) is a private, non-profit, public-benefit research organisation.

It was established in 1975 with the dual purpose of promoting research on current problems and prospects of the Greek economy and its sectors and of generating reliable info... [Read More](#)



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Business and Consumer Surveys

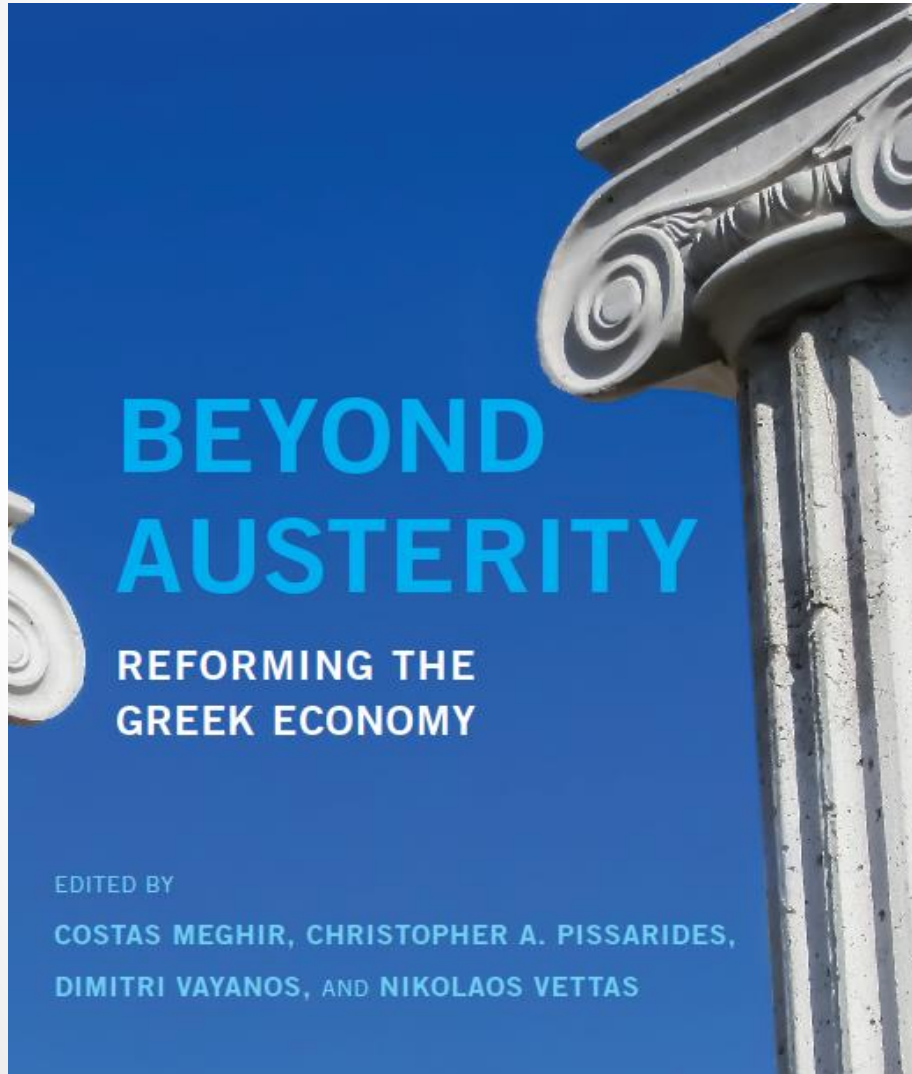
Next report of Business and Consumer Surveys concerning October results, will be released on November 1, 2021.

...

[More announcements...](#)



Beyond Austerity: Reforming the Greek Economy (MIT Press, 2017)



- *Beyond Austerity: Reforming the Greek Economy* (MIT Press, 2017)
 - <https://mitpress.mit.edu/books/beyond-austerity>
- Economic institutions and resulting incentives, across wide range of areas
 - Pre-crisis situation
 - Changes during crisis
 - Policy proposals going forward
- Collective effort of Greek economists in Greece and diaspora

Growth 'plan'

- [Pissarides report](#) (committee Chaired by Sir Christopher Pissarides).

