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ΒΙΟΜΗΧΑΝΙΚΩΝ ΕΡΕΥΝΩΝ

The Greek economy: dynamic rebound and global challenges

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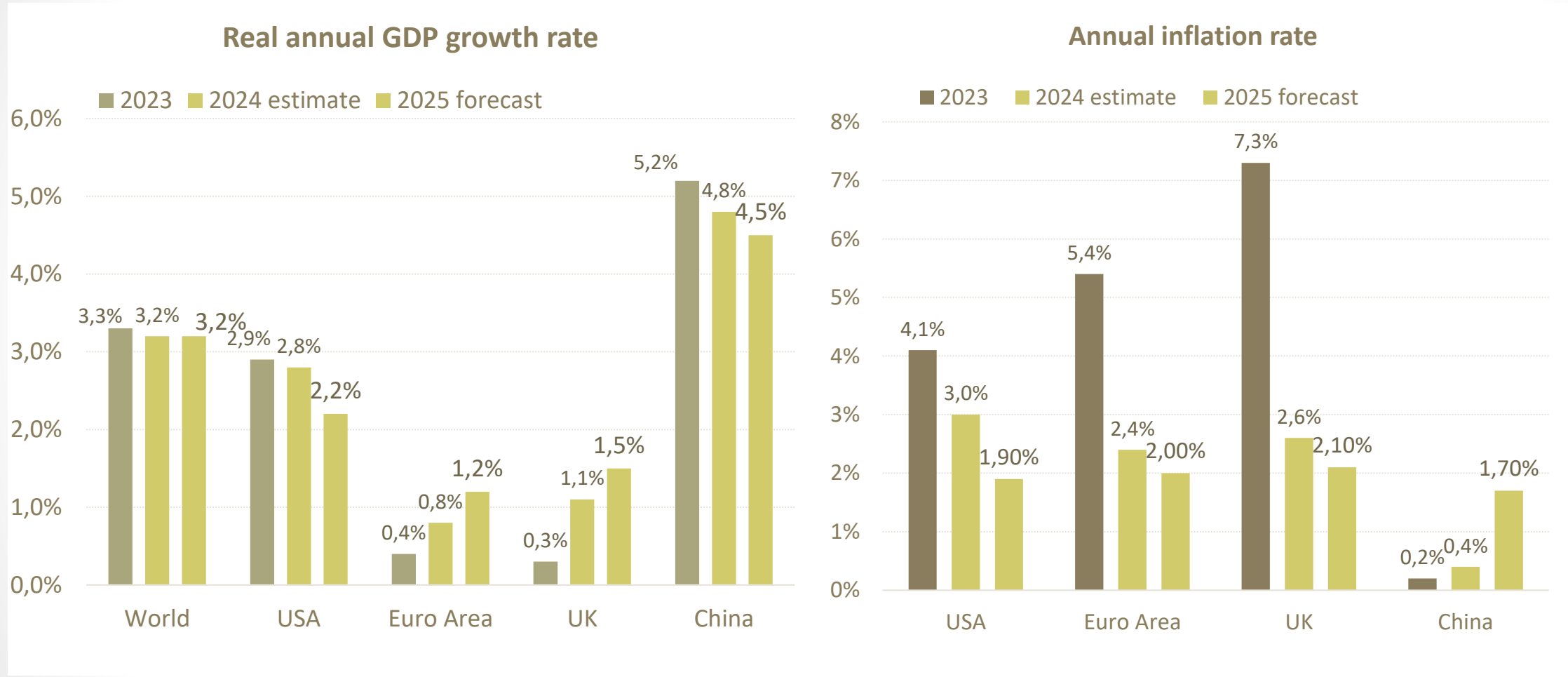
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Bank of Greece | Stetson University, Athens visit

March 4, 2025

GLOBAL ENVIRONMENT AND GREECE

The European growth rates have been lagging, while global inflation is expected to converge back to target within 2025



Source: IMF WEO, October 2024

GDP dynamics in 2024 Q3

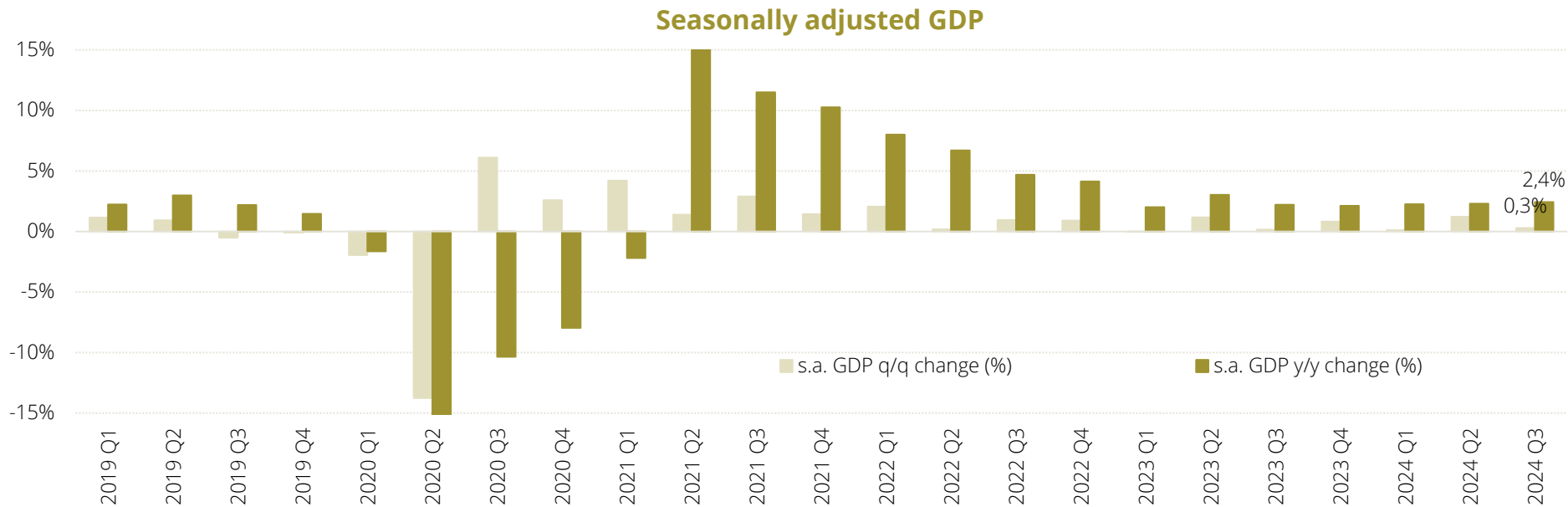
Diverging trends within consumption
(private +2.1% y/y, public -1.4% y/y)

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)

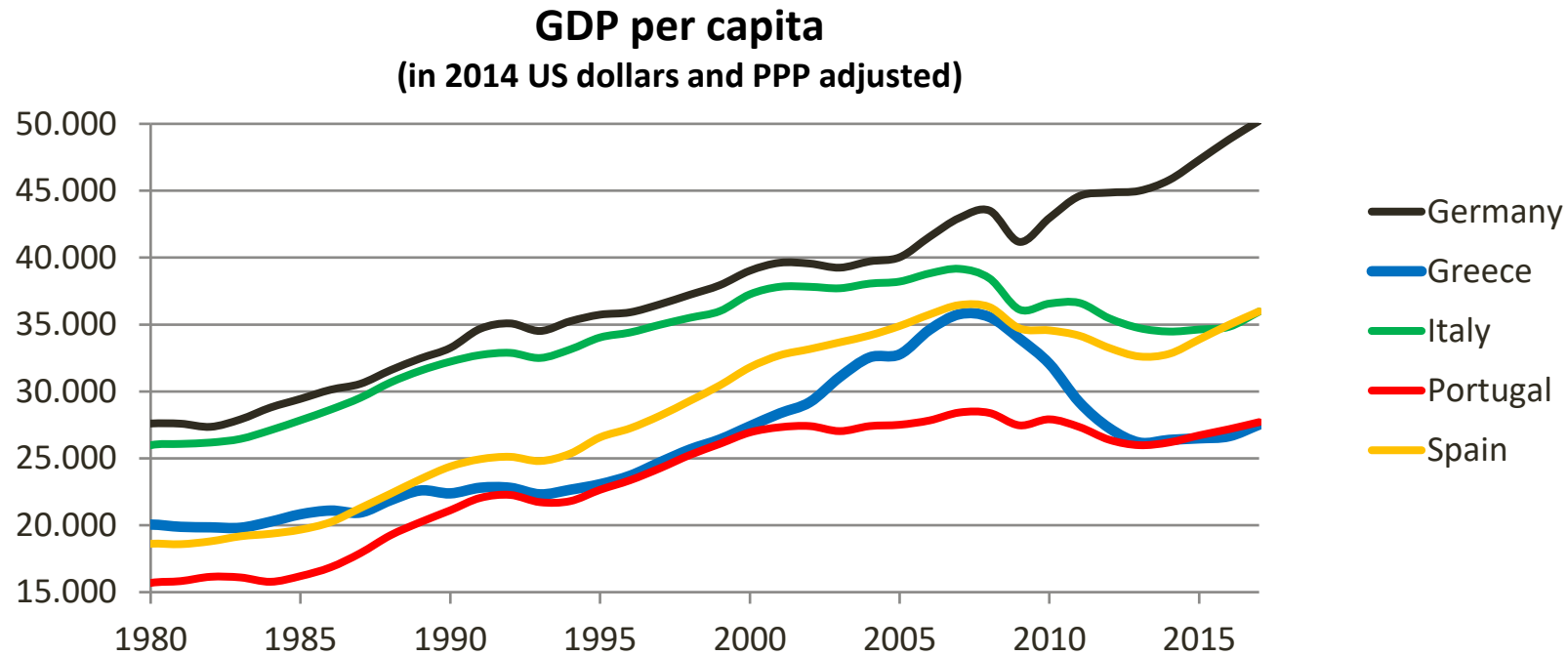


Source: Quarterly National Accounts, Eurostat

- 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%).

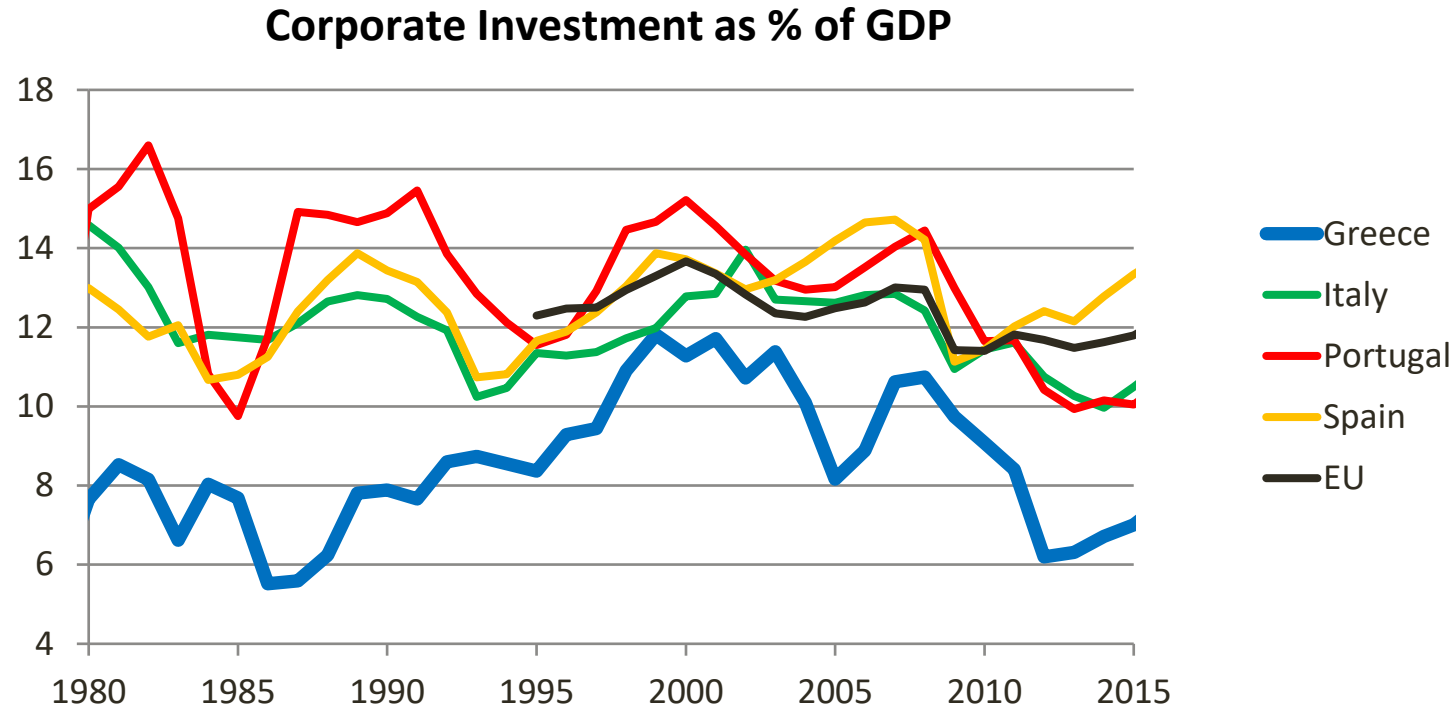
THE GREEK CRISIS – EX POST...

GDP



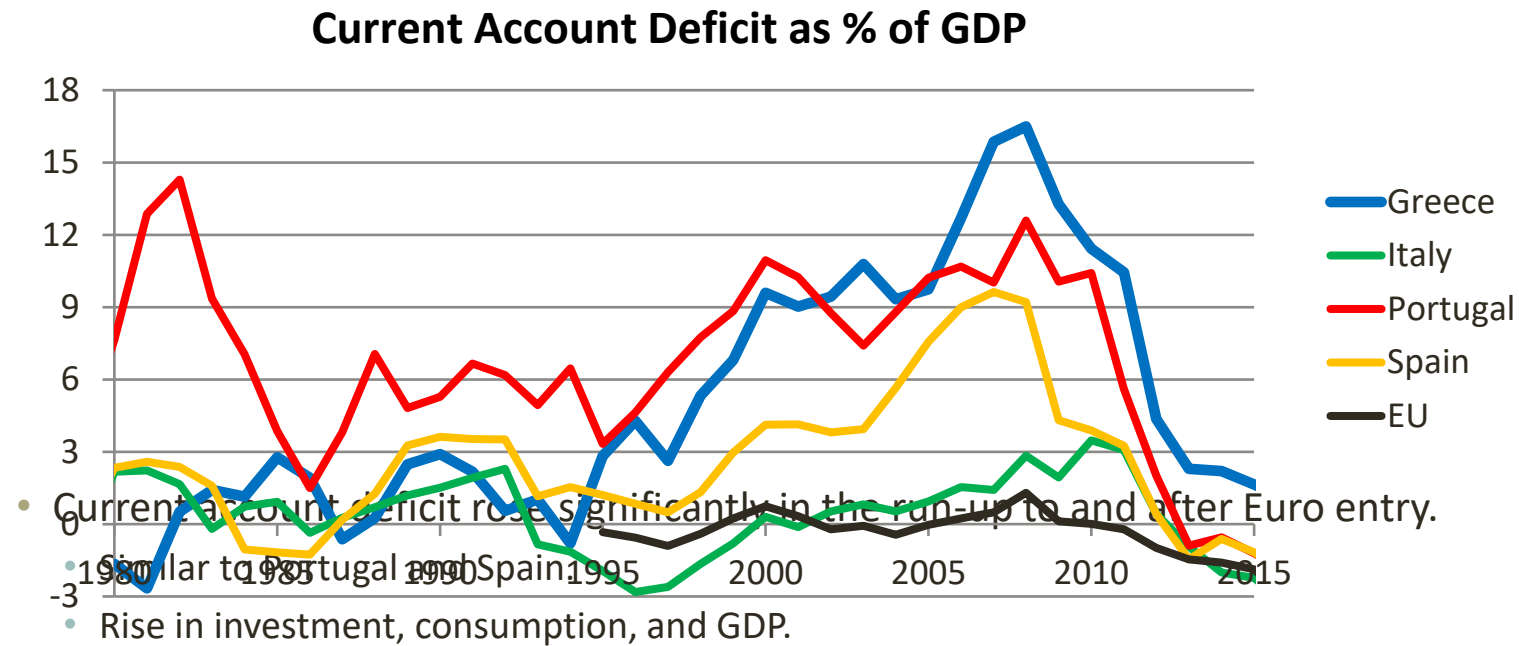
- Greece experienced a large growth and subsequent decline of GDP after Euro entry.
- Its growth over the long term (1980-2017) has been relatively small.
 - Similar to Italy.
 - Similar before and after Euro entry.

Corporate investment



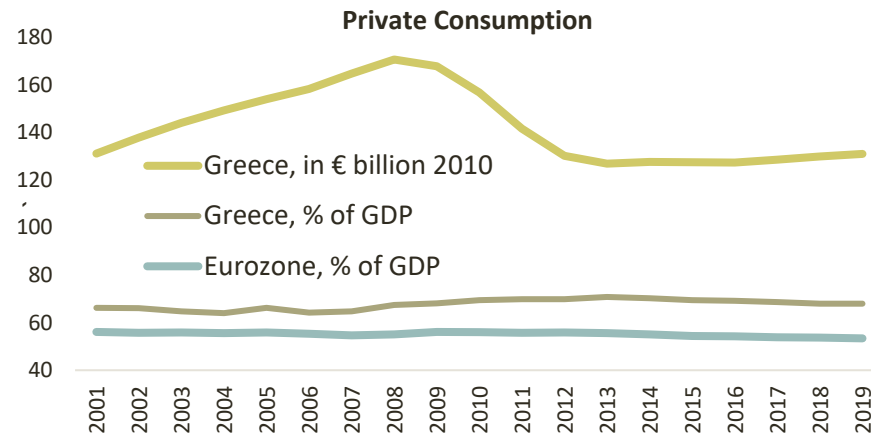
- Corporate investment in Greece has been relatively low.
 - But total investment (incl. housing) is comparable to EU average!
- It rose significantly in the run-up to Euro entry, but dropped again during the crisis.

Current Account Deficit

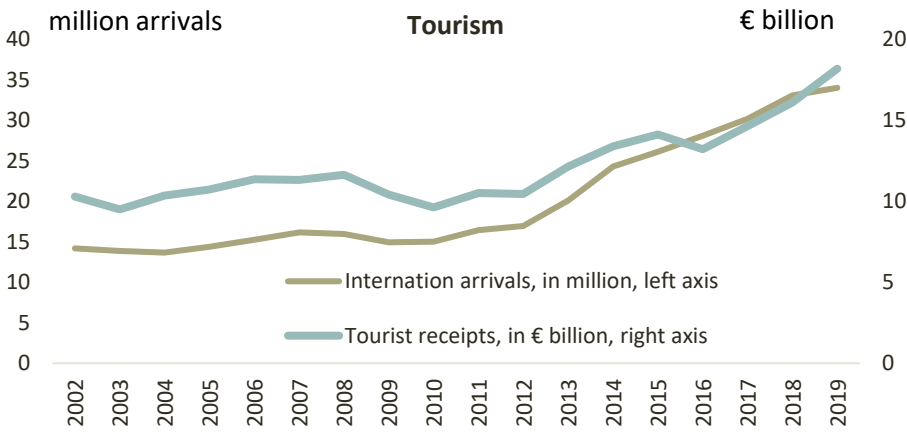
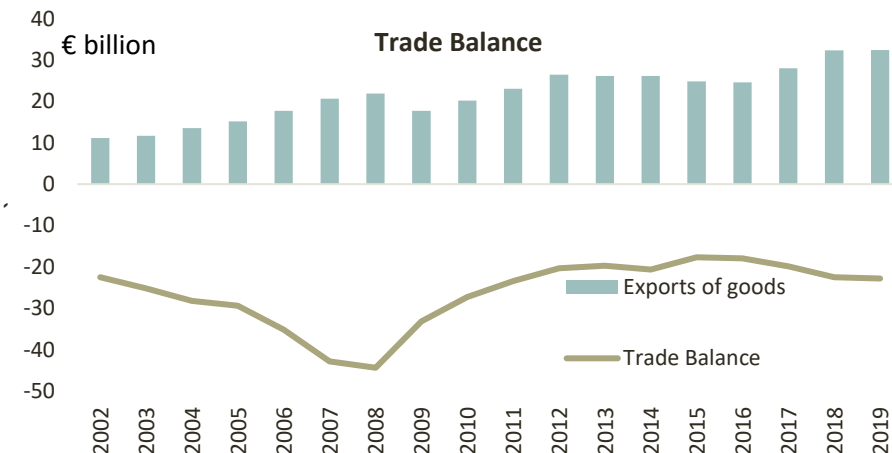
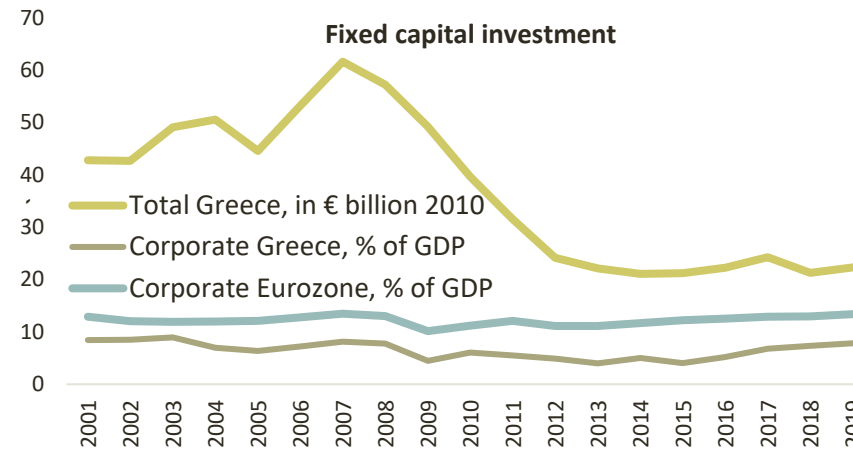


Key trends in the Greek economy 2001-2019

- 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



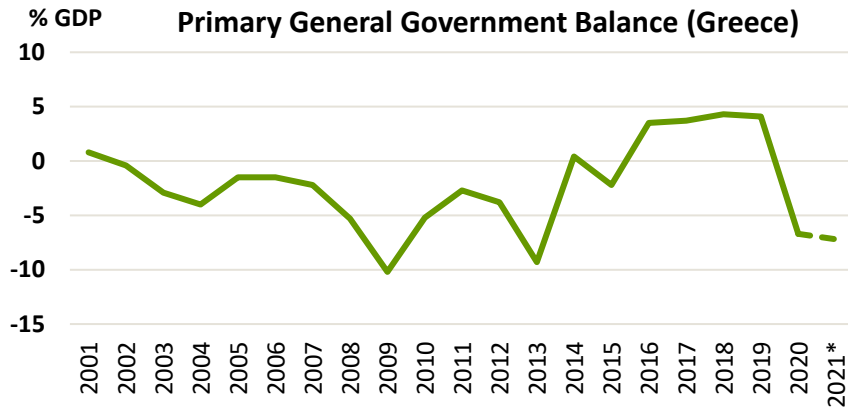
- The value of goods exports has more than tripled in two decades, but the trade balance remains in deficit

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

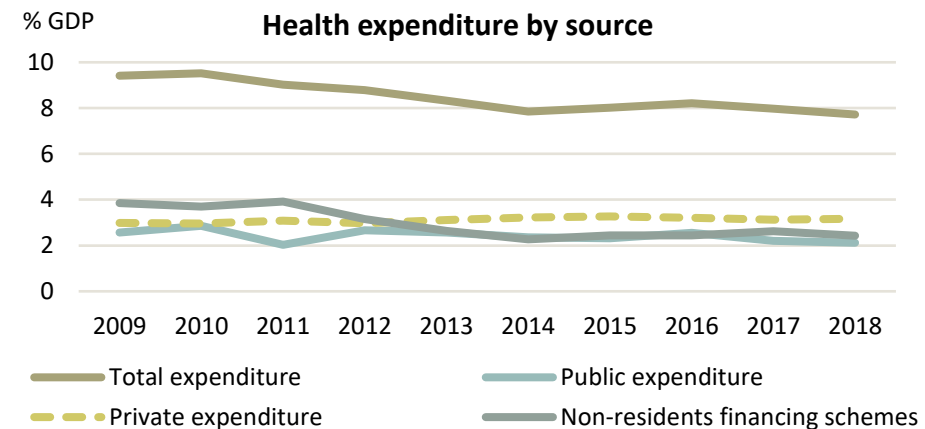
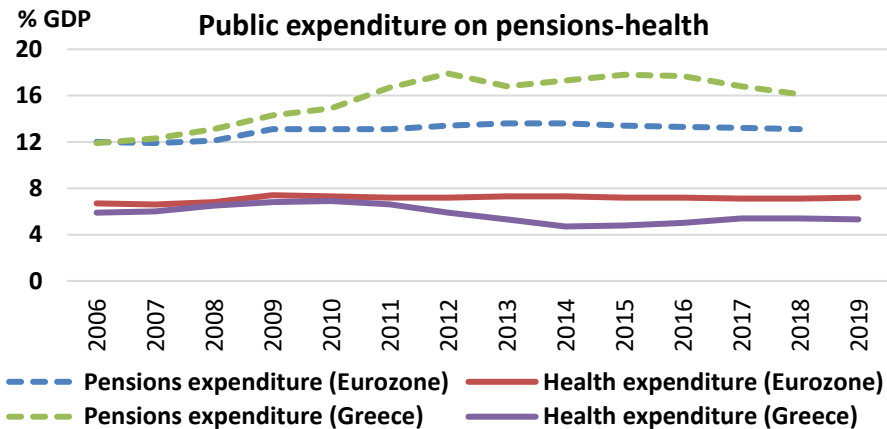
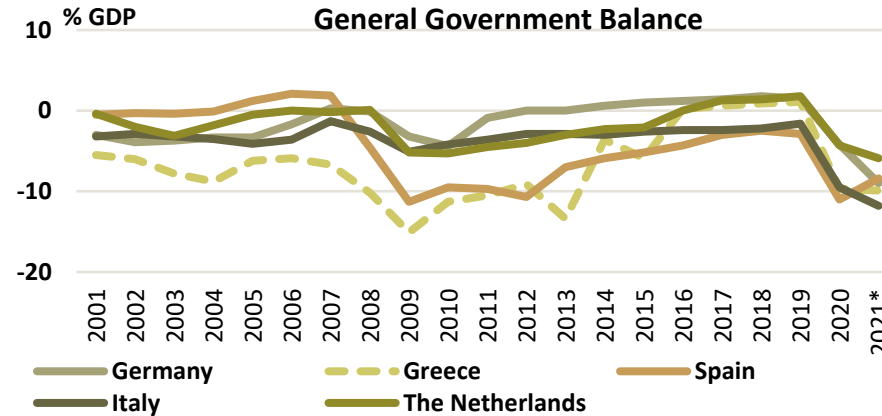
Sources: ELSTAT, Eurostat, Bank of Greece

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

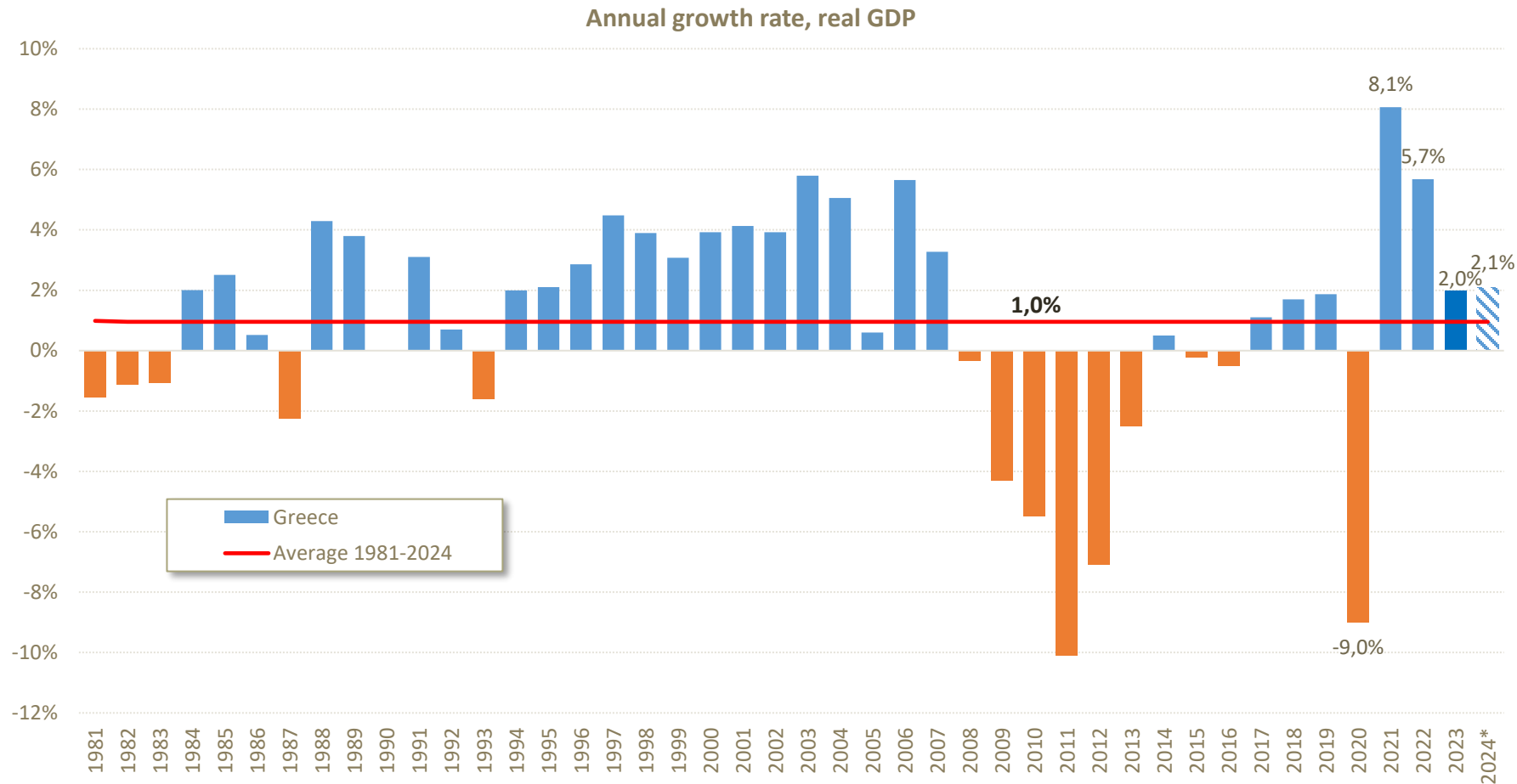


- Higher pension spending over time compared to Eurozone and lower health spending, as % of GDP

* 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 TRENDS

The Greek economy has become more extrovert...



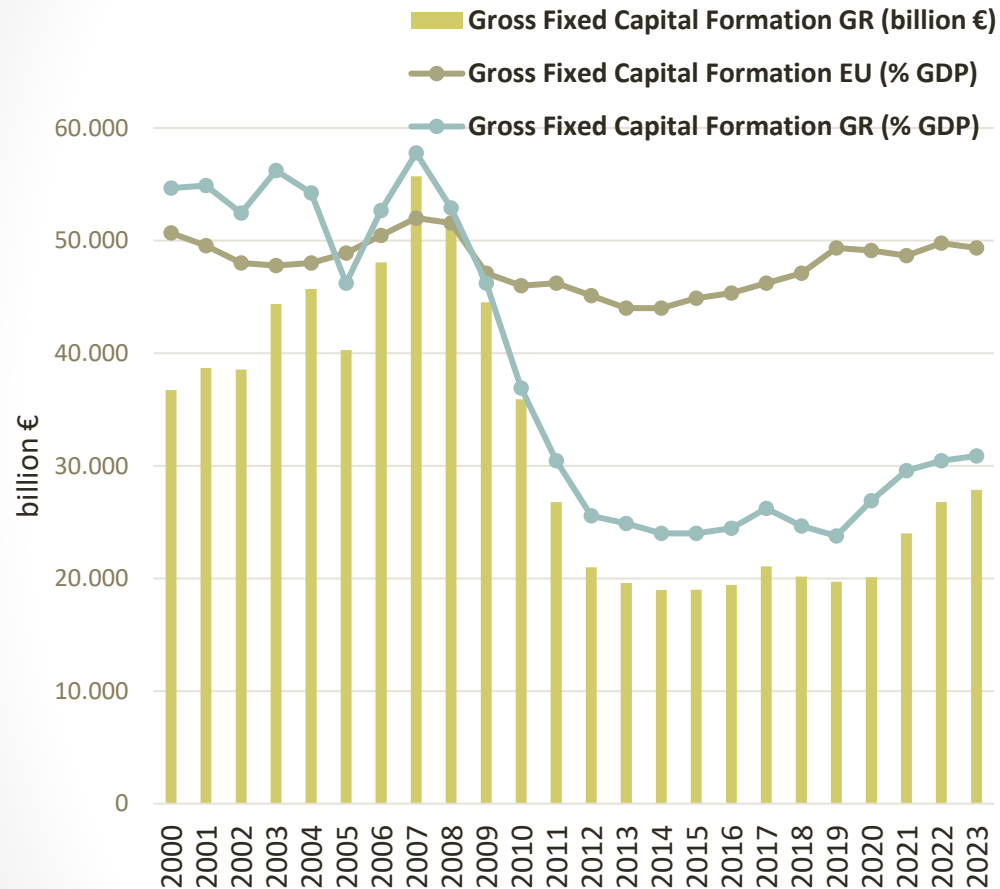
Source: Eurostat, Data Processing: IOBE

Extroversion of the economy
(Exports + Imports) / GDP

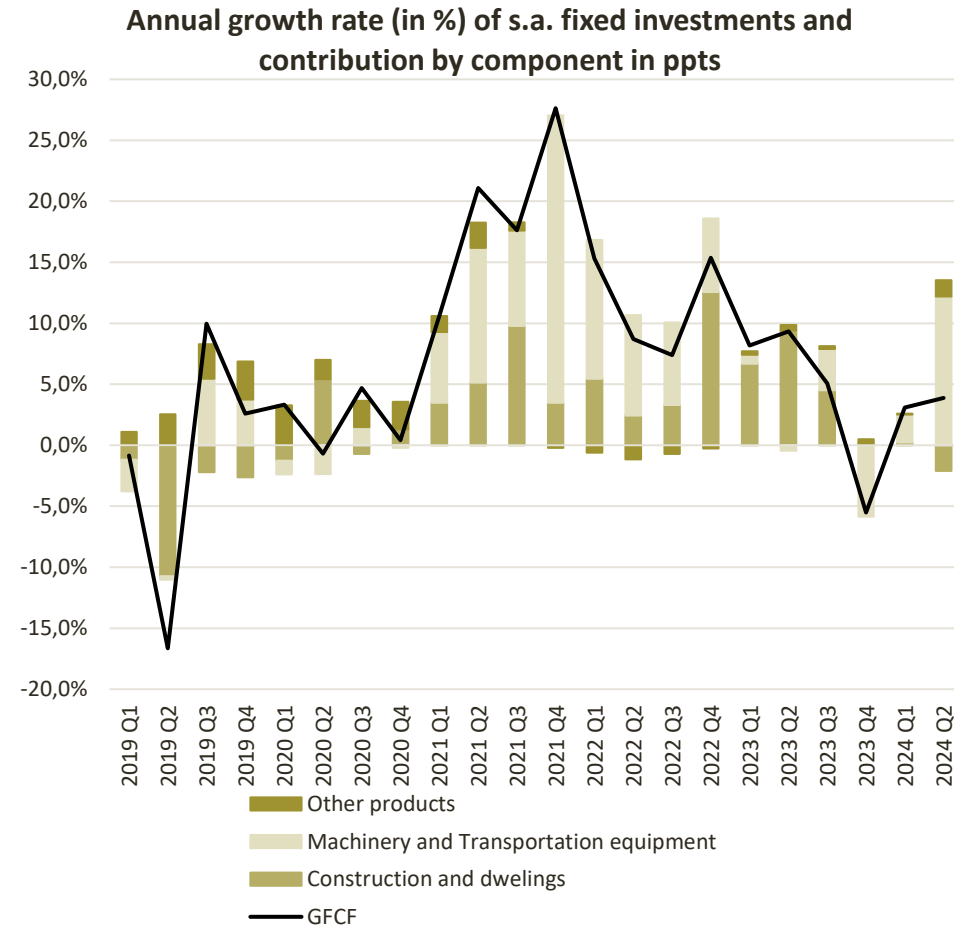


...due to boosting exports and imports, albeit the trade deficit has widened

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

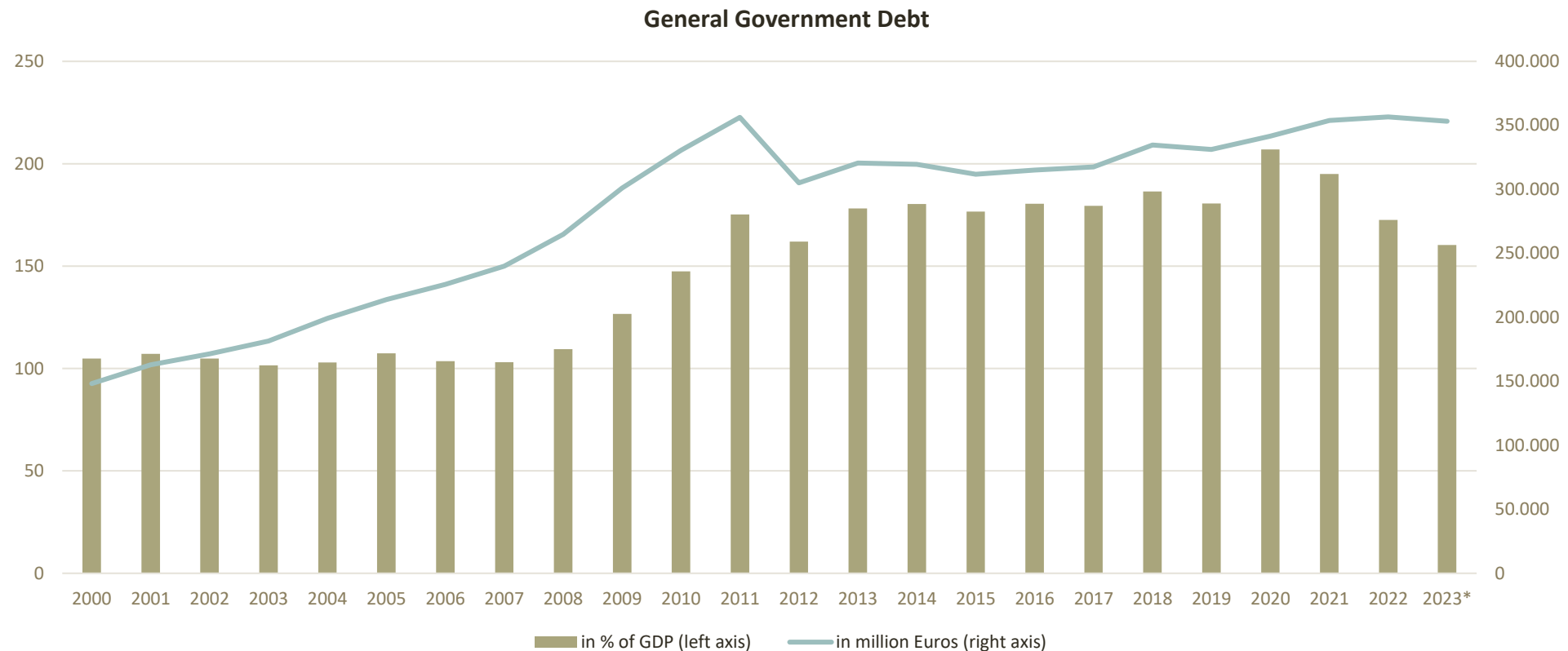


Source: Eurostat, Data Processing: IOBE



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

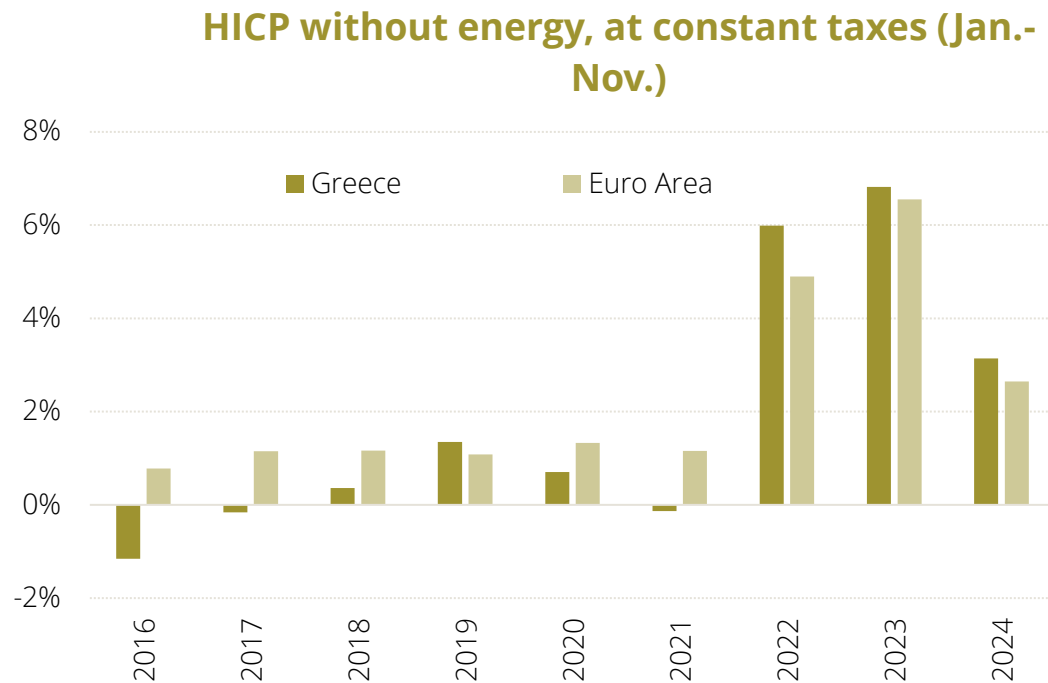
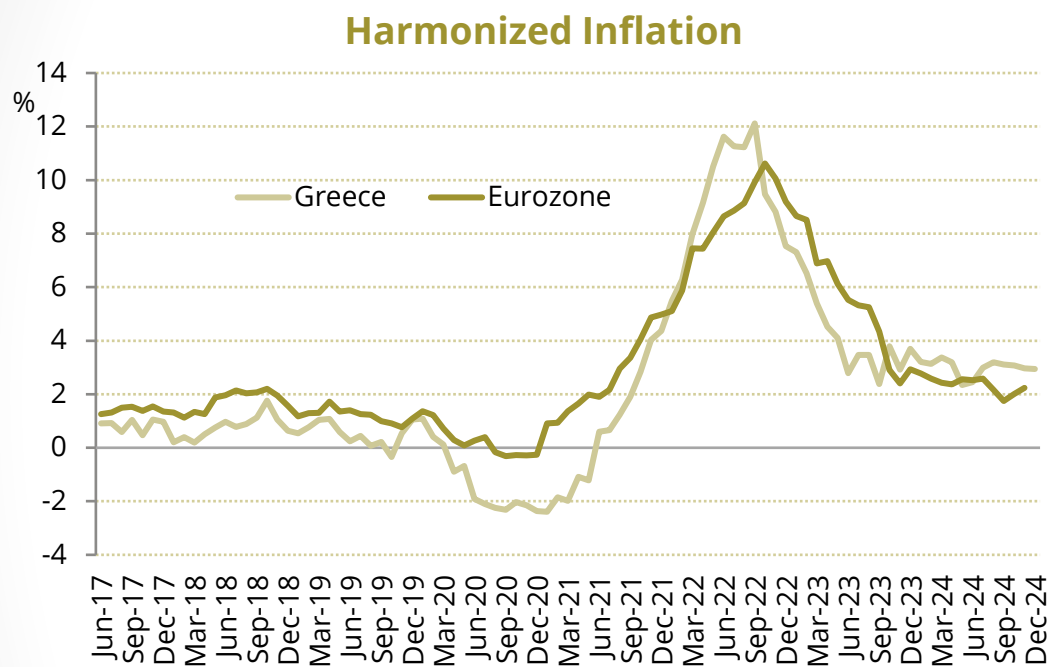
Public debt decreasing a GDP%



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

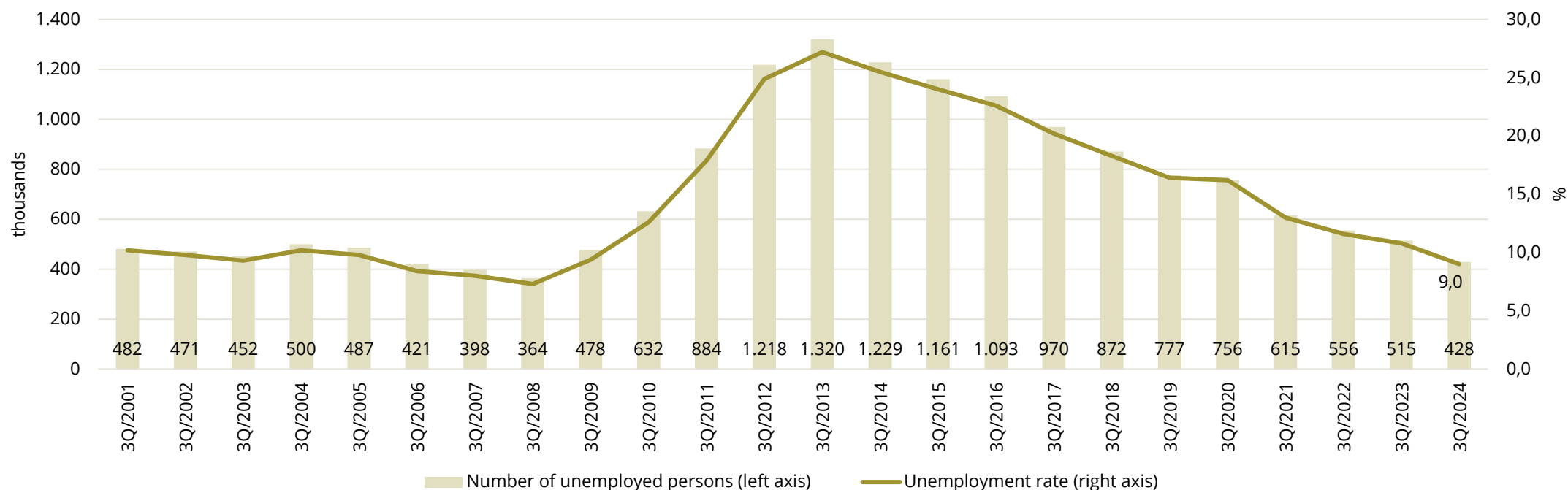


Source: Eurostat

- **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%).

Unemployment rate has dropped to single-digit in 2024 Q3

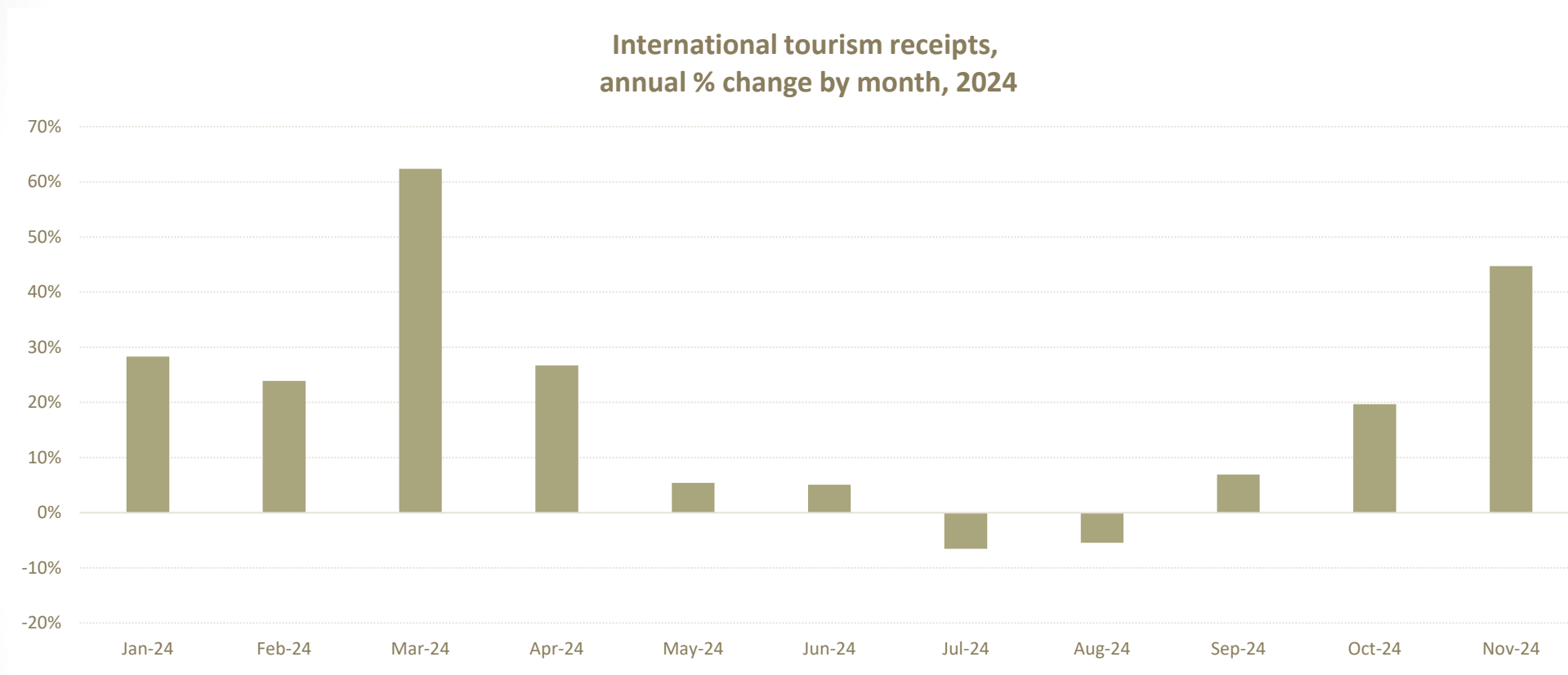
Number of unemployed and unemployment rate in Greece



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).

Tourism has 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): $\approx 3.0\%$

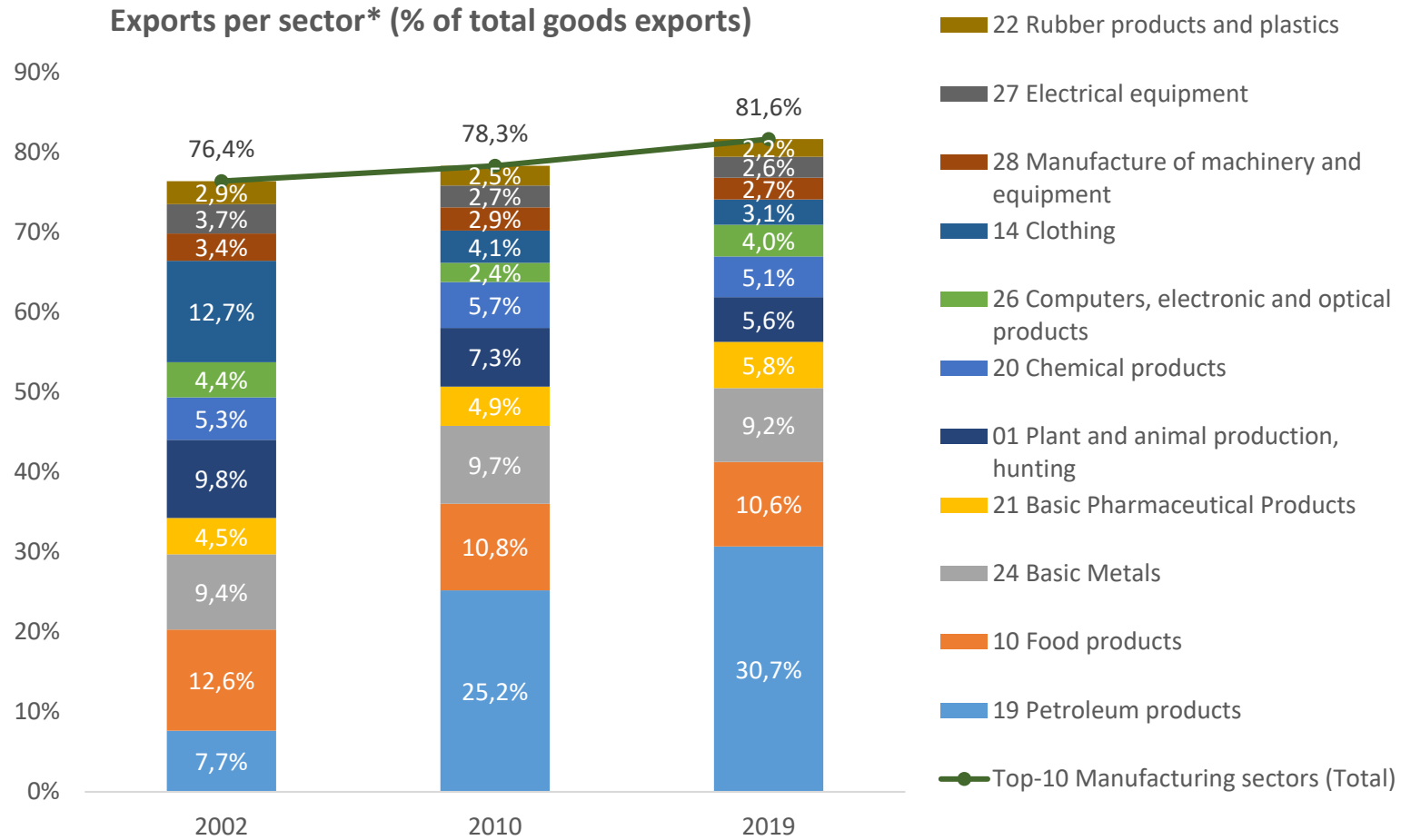
Forecast for 2025 (real y/y growth)

- 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

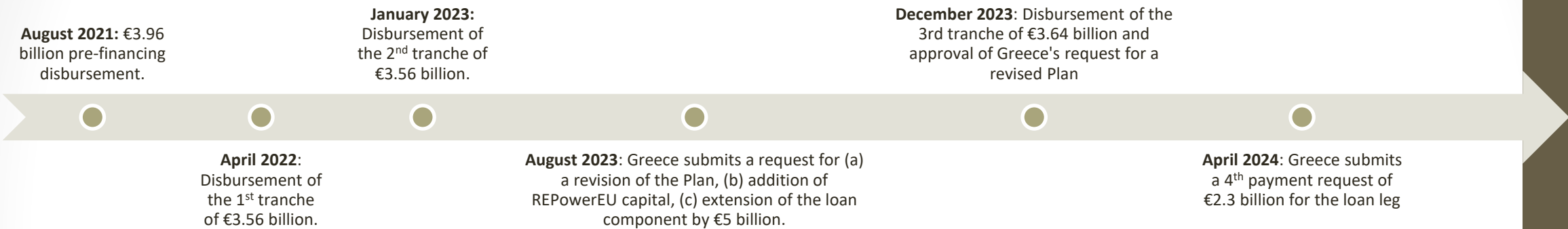
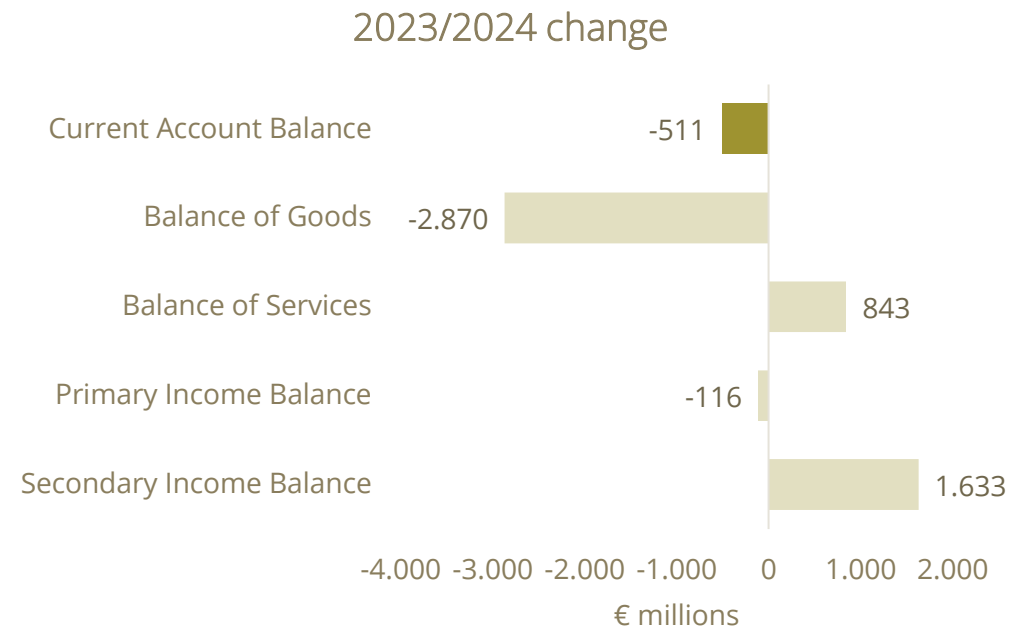
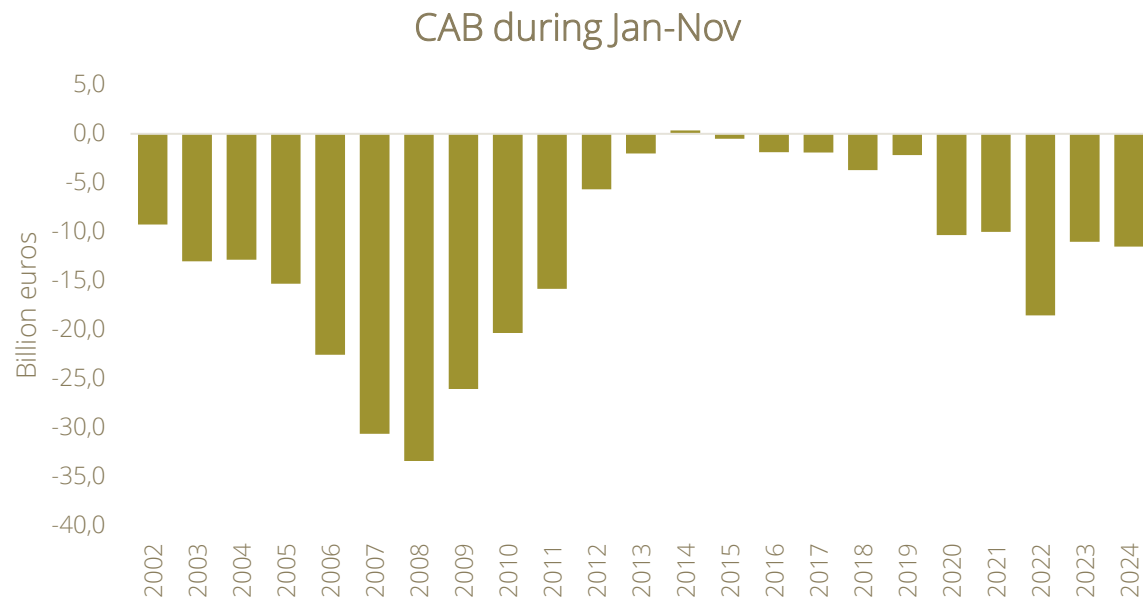


Table. Allocation of funds of the revised Recovery and Resilience Plan for Greece, April 2024

	€ 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

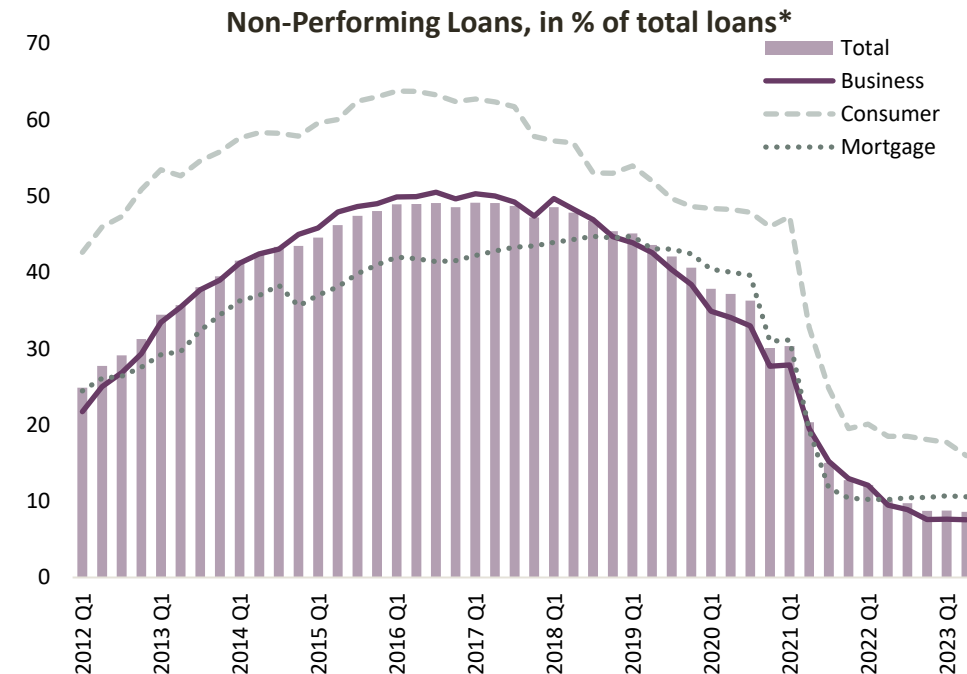
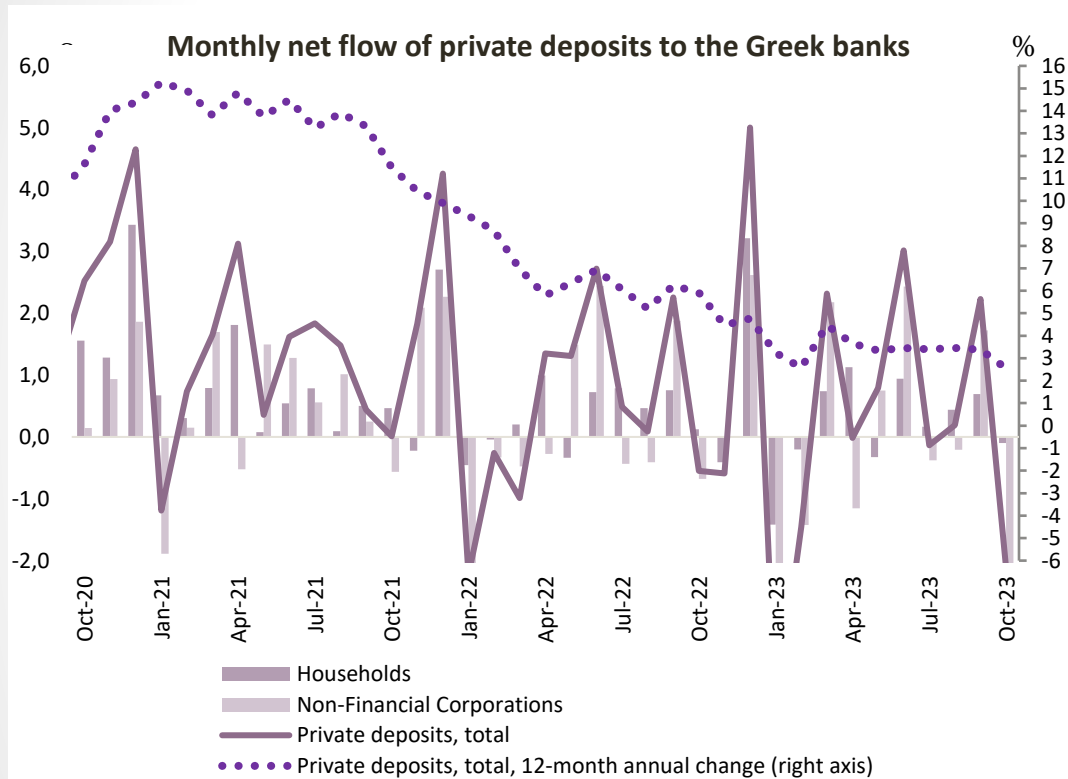
The Current Account Balance (CAB) recorded a deficit of €11.5 billion during Jan-Nov 2024, €0.5 billion higher than in 2023



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...

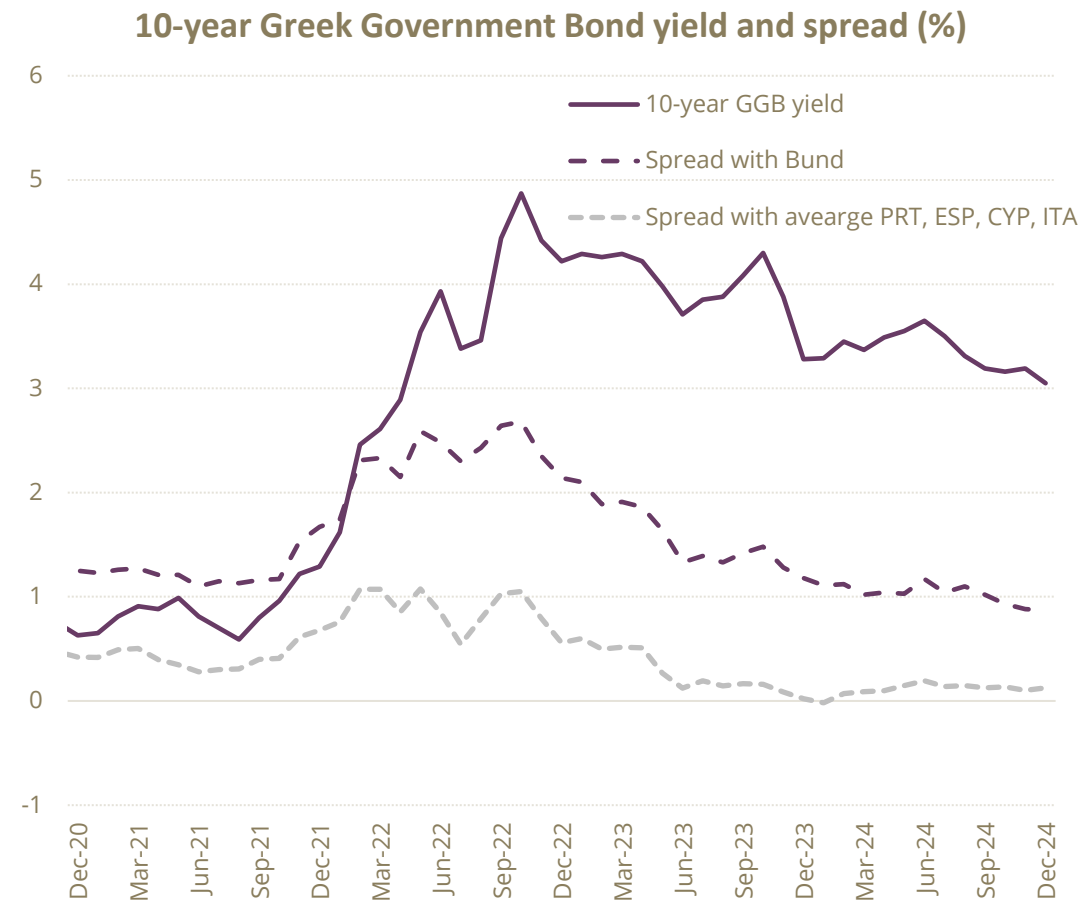
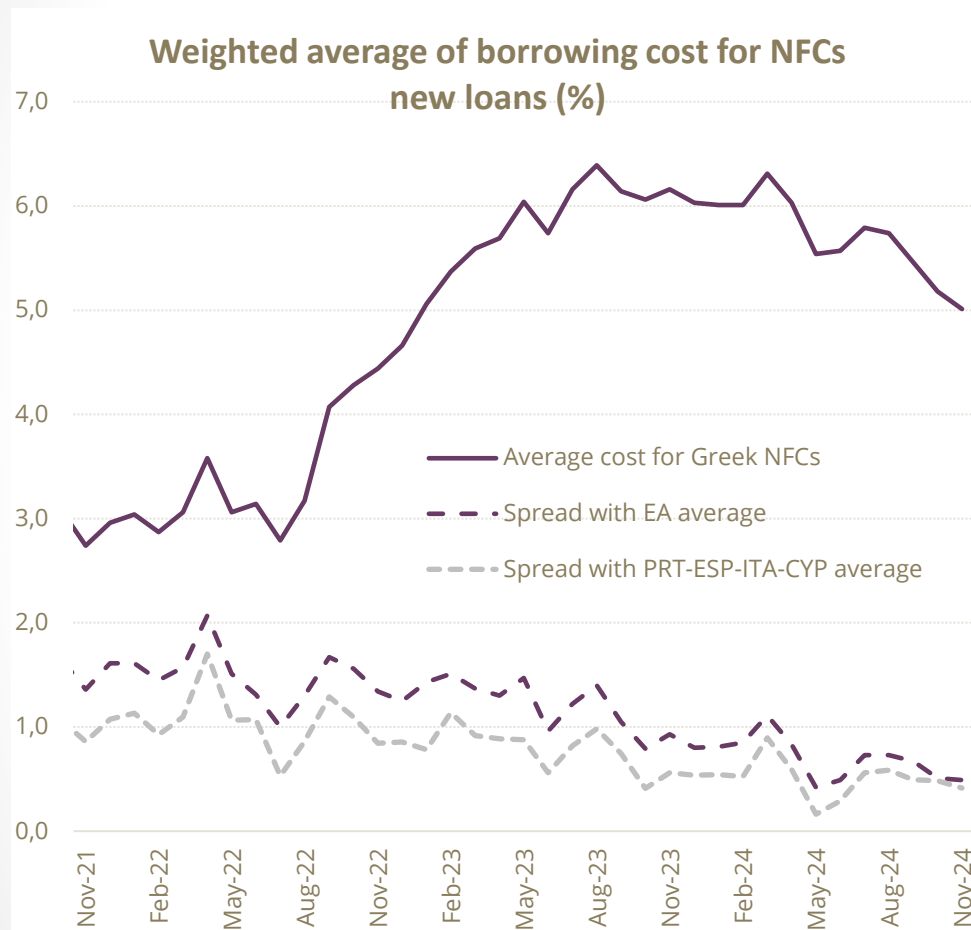


Source: Bank of Greece. * On-balance sheet loans (before provisions) for all Greek banks on a non-consolidated level

...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

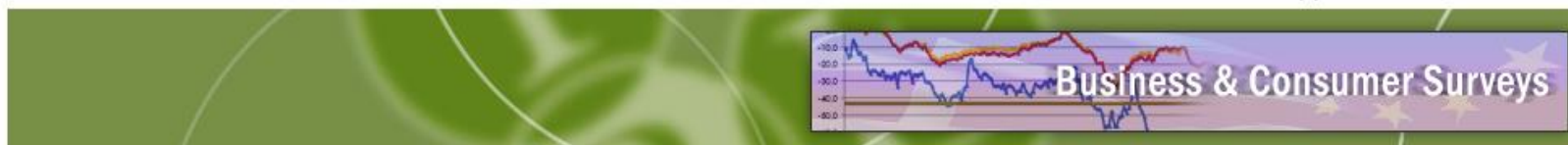


Source: ECB

WRAP UP

Greece

- 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....

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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](#)



Press Office



Business and Consumer Surveys

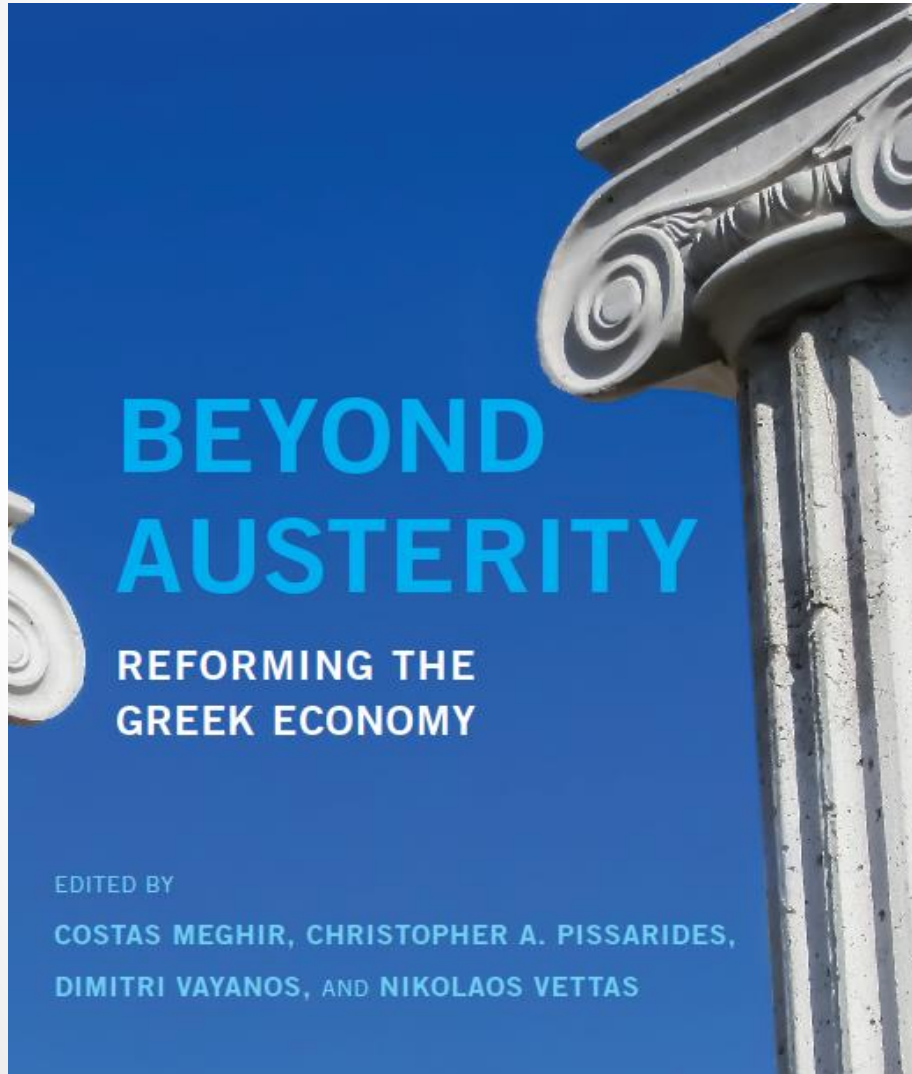
Next report of Business and Consumer Surveys concerning October results, will be released on November 1, 2021.

...

[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).

