

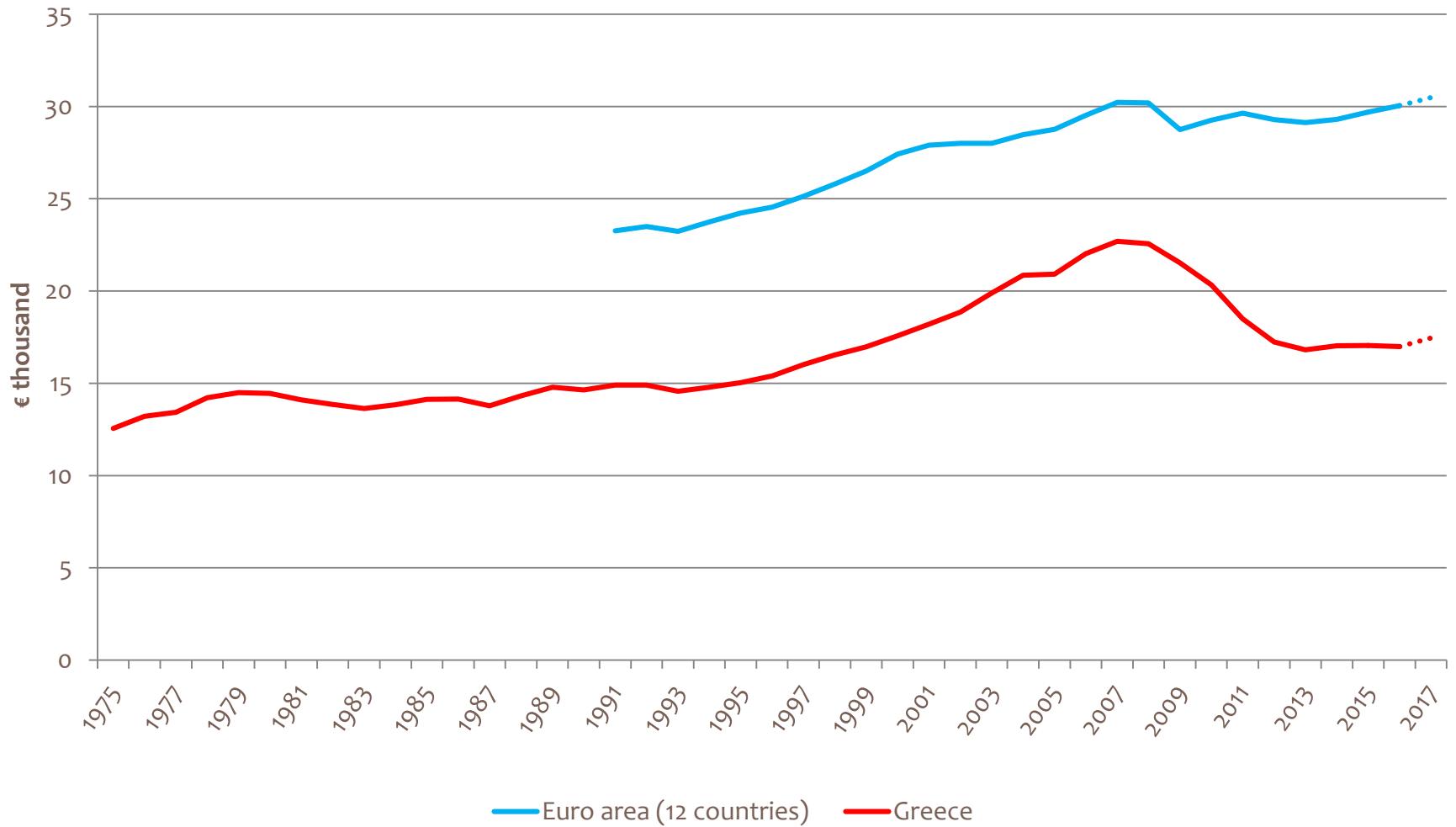
Trends and opportunities in the Greek Economy: Competitiveness, debt and wealth

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GDP per capita



Source : AMECO

Successes and failures of the post-2010 policies

- Significant success in the areas of government budget and balance of payments ('twin deficits').
- Very weak performance for investments and exports.
- The economy has adjusted via an extremely deep recession.
- Increase in competitiveness mainly via a reduction in labor unit cost.
- Lack of political support and social consensus for structural reforms.
- Public sector has shrunk but administrative burden and inefficiency remains a core problem.
- Uncertainty remains significant.

Key Macroeconomic and Financial Figures

Key Macroeconomic Figures	2009	2013	2014	2015	2016*
GDP	-3.1	-3.2	0.7	-0.2	-0.3
Unemployment	9.5	27.5	26.5	24.9	24.7
General Government Balance¹	-15.6	-12.4	-3.6	-7.2	-3.1
Current Account Balance	-14.4	-2.2	-3.0	-0.2	0.6
Harmonized Inflation	1.3	-0.9	-1.4	-1.1	-0.3
Gross Fixed Capital Formation	-13.7	-9.4	-2.8	0.7	-0.9

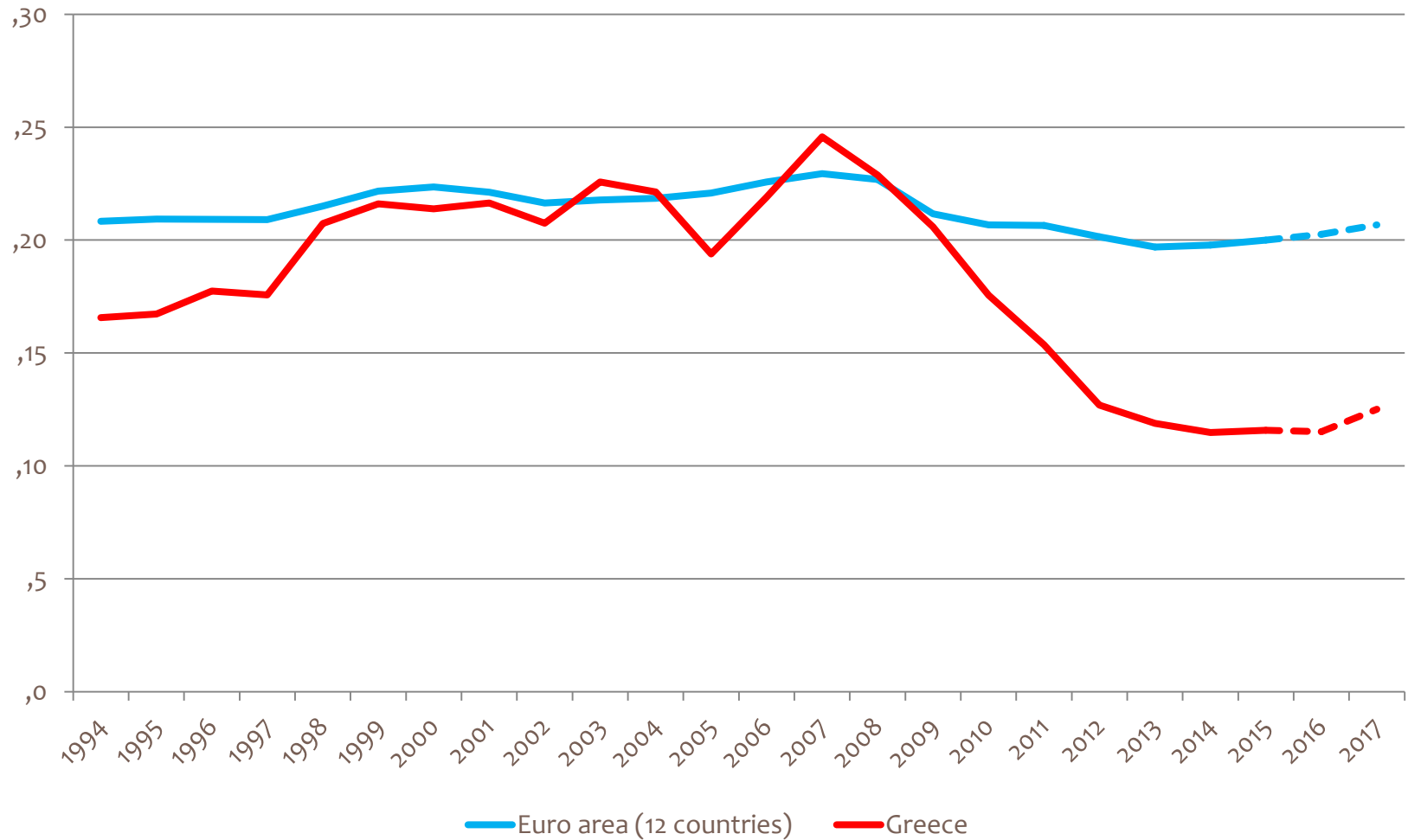
¹Including State aid to the banking sector on the deficit

* European Commission's projections (European Economic Forecast, spring 2016)

Sources: Eurostat/European Economic Forecast, spring 2016, European Commission

Investments

Gross Fixed Capital Formation (% of GDP)



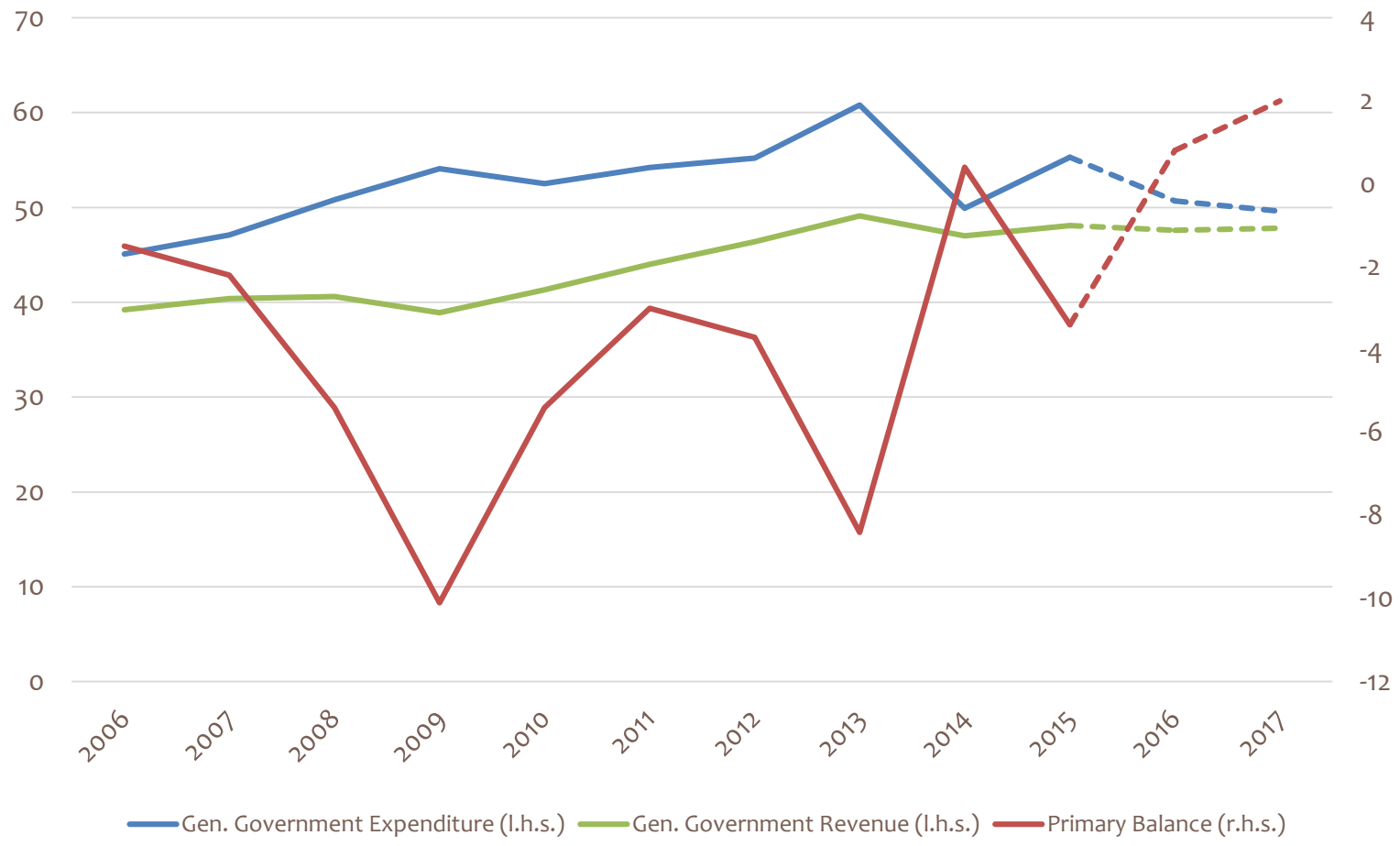
Source: AMECO

Harmonized Inflation



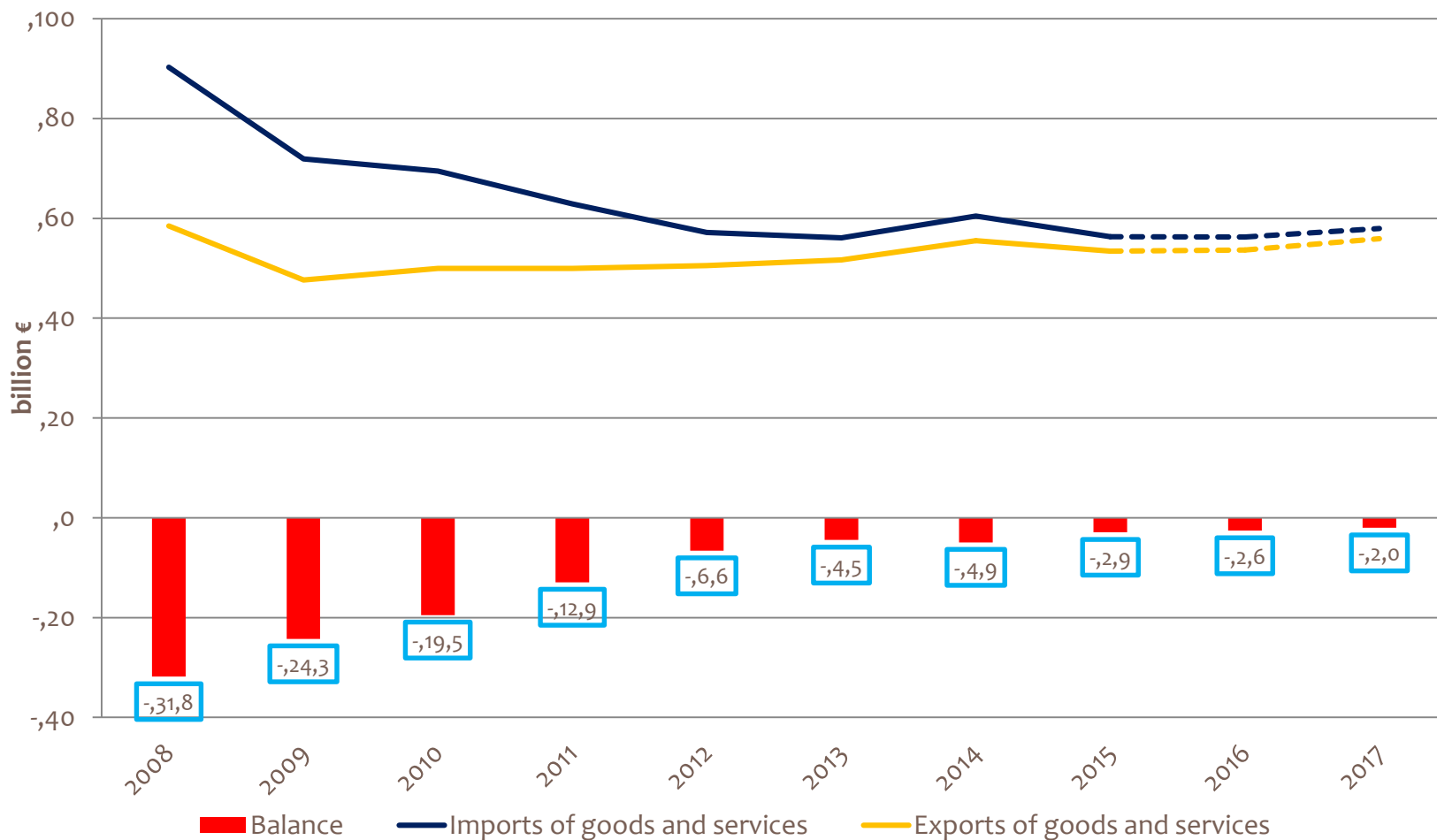
Sources: Eurostat/European Economic Forecast, spring 2016, European Commission

Public Revenue- Expenditure – Primary Balance (% of GDP)



Sources: Eurostat/European Economic Forecast, spring 2016, European Commission

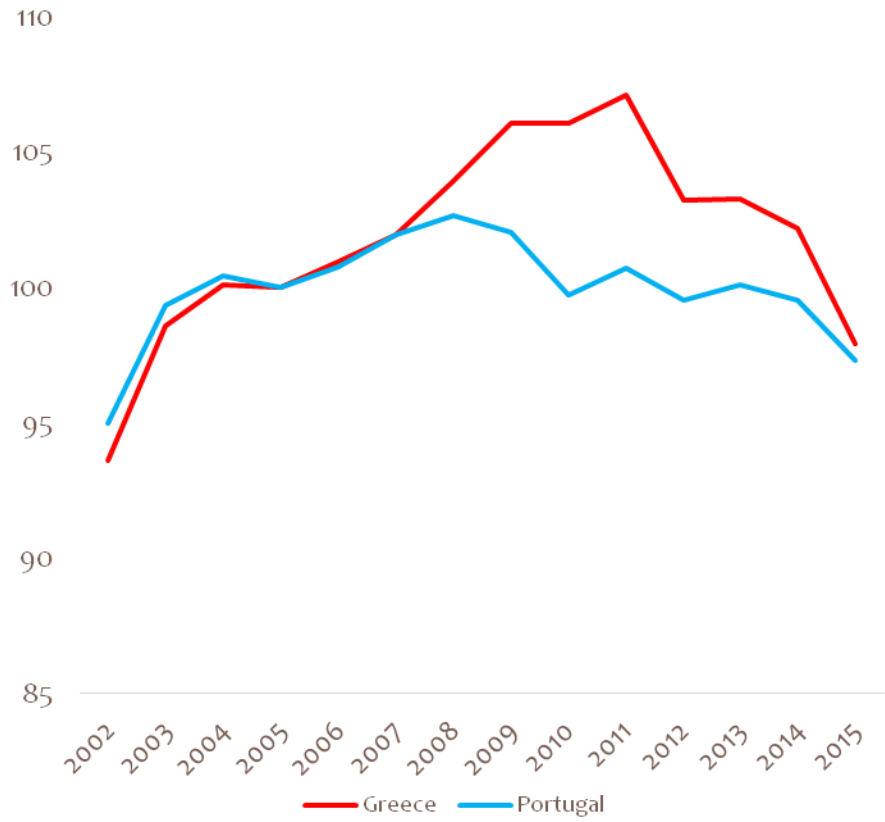
Trade Balance (Goods and Services)



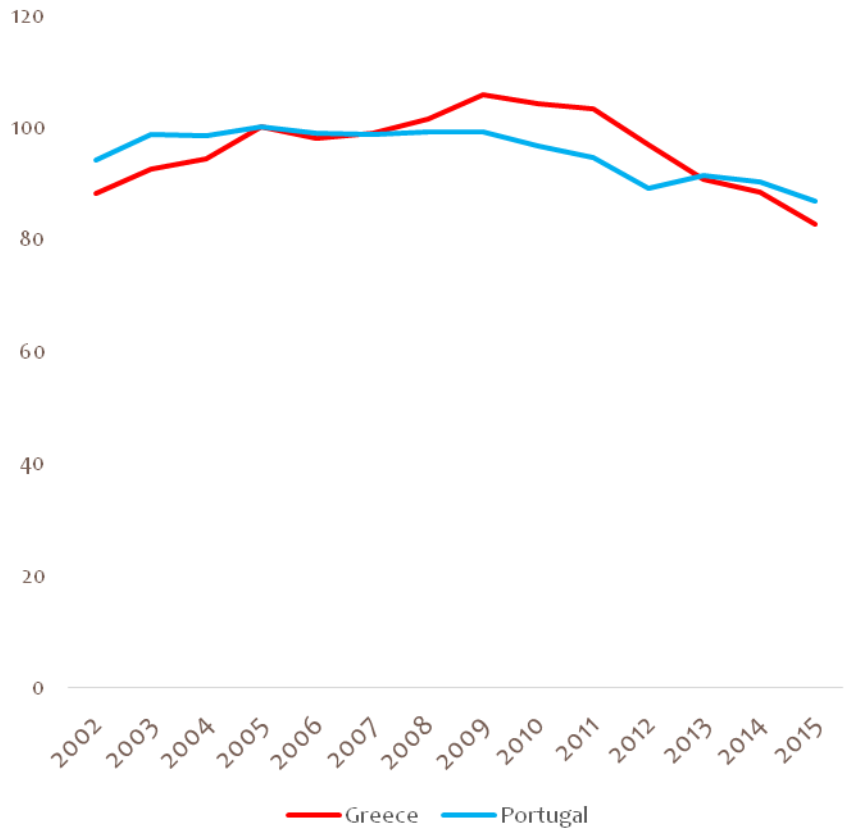
Sources: ELSTAT/European Economic Forecast, spring 2016, European Commission

Real effective exchange rate

Real Effective Exchange Rate (CPI), 2005=100



Real Effective Exchange Rate (ULC), 2005=100



Source: Eurostat

Real Effective Exchange Rate (deflator: CPI - against 37 trading partners)
 Real Effective Exchange Rate (deflator: unit labor costs in total economy - against 37 trading partners)

Beyond Austerity: Reforming the Greek Economy

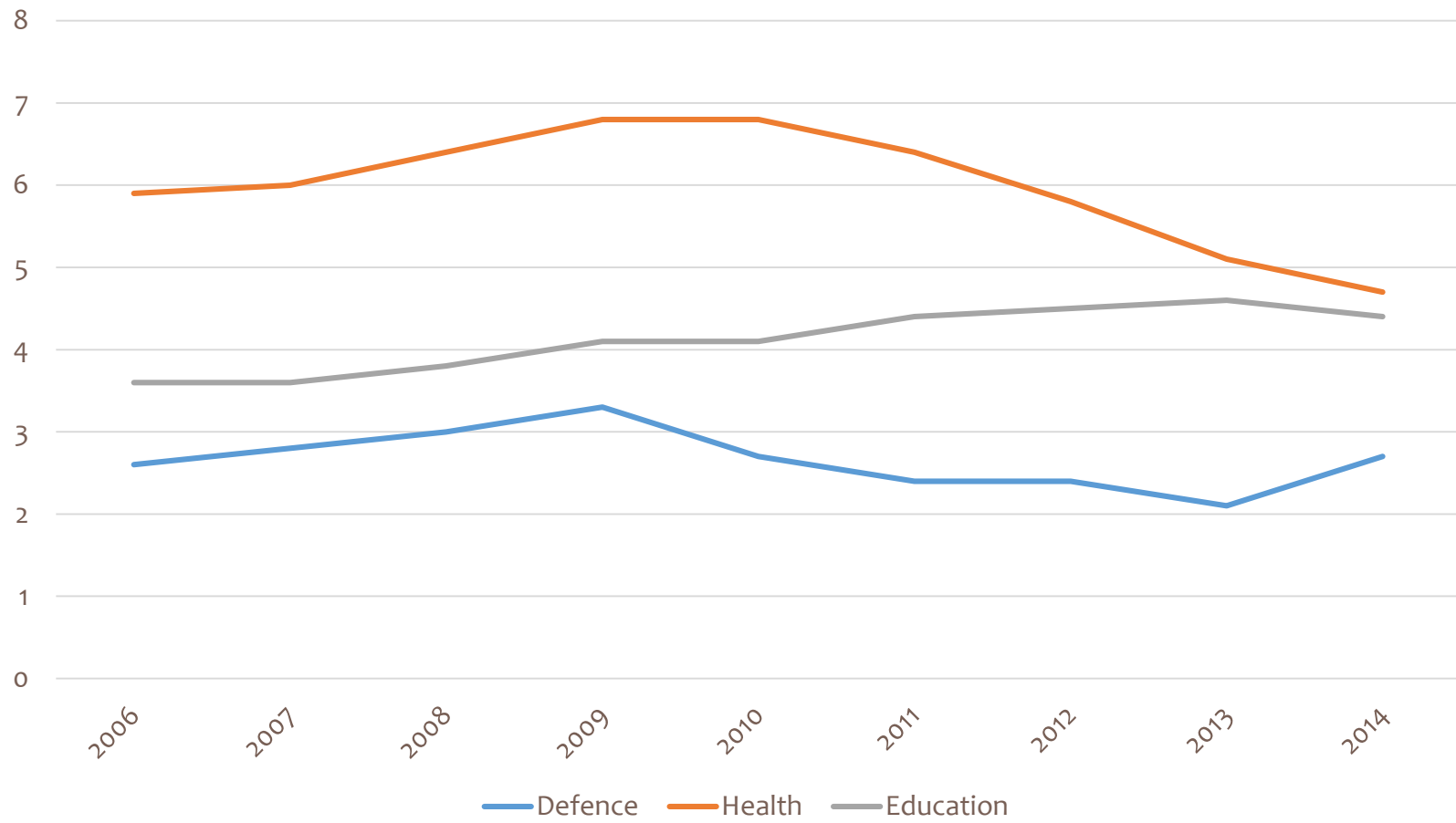
(Edited volume)

Forthcoming, MIT Press, Spring 2017

In Greek: to be released just afterwards

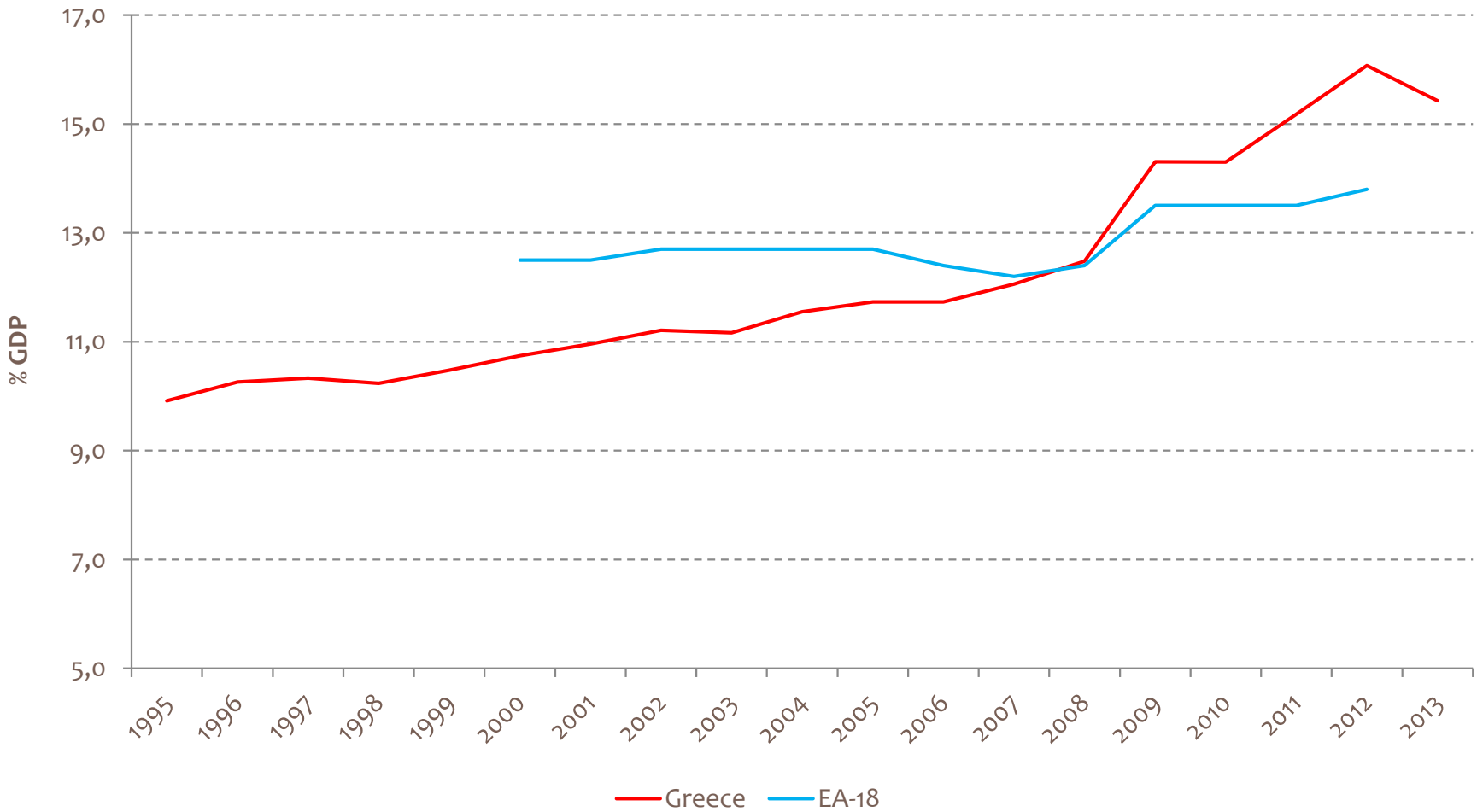
**eds. Costas Meghir (Yale), Christopher Pissarides (LSE and Cyprus),
Dimitri Vayanos (LSE), Nikos Vettas (AUEB and IOBE)**

Public Spending categories (% of GDP)



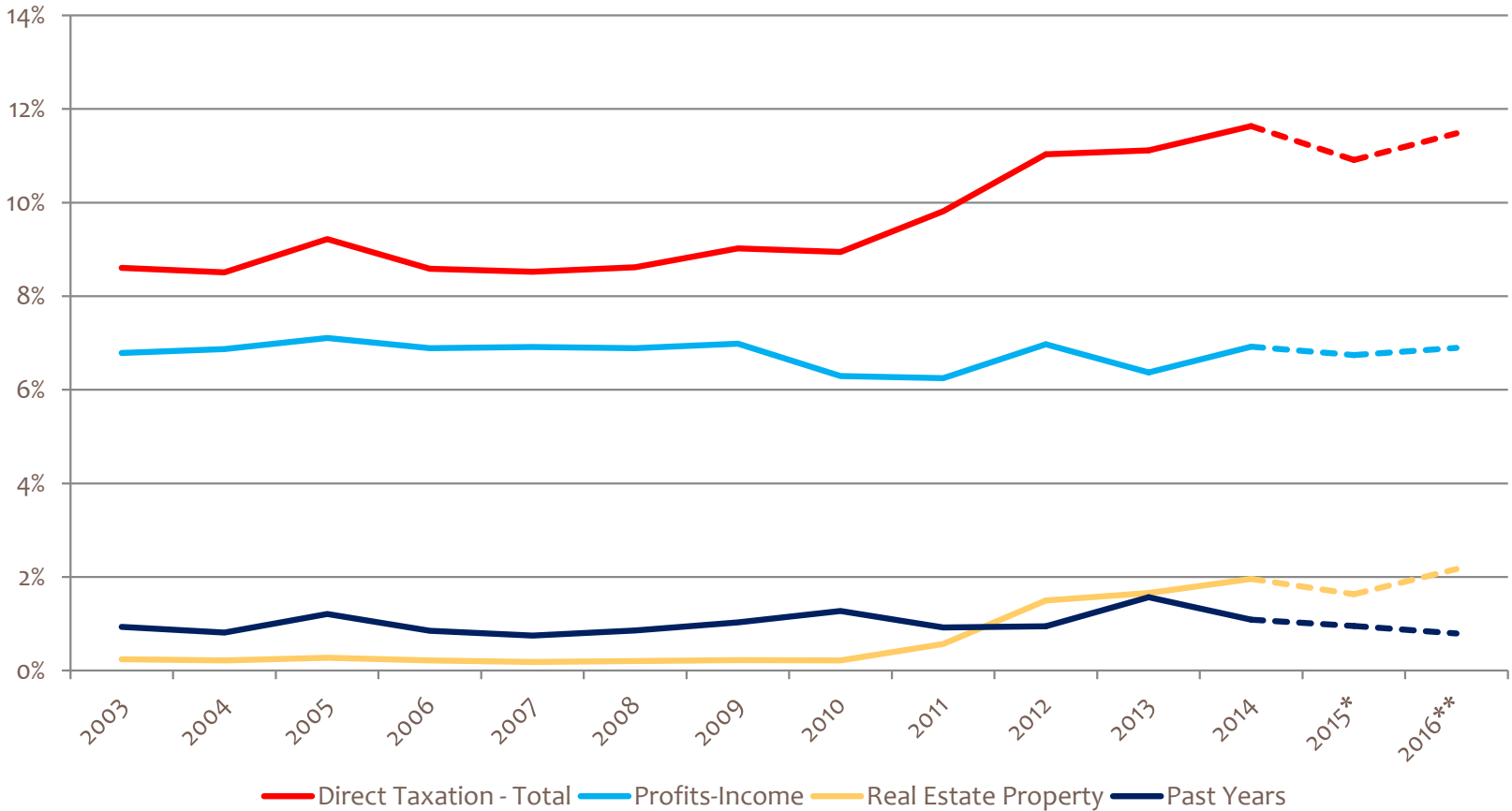
Source: Eurostat

Pensions Payments (% of GDP)



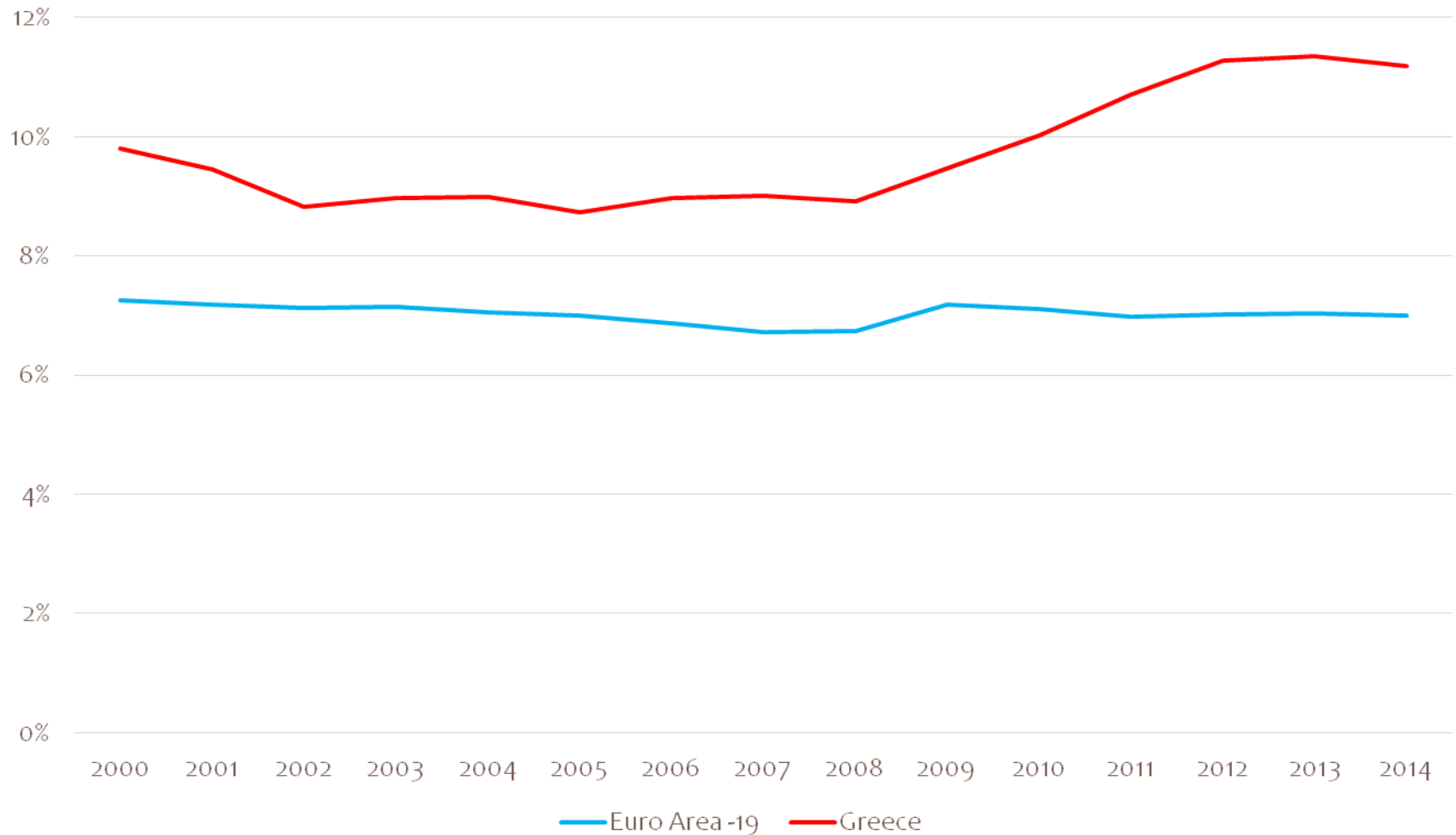
Sources: Social Budget 2009, Ministry of Labour & Social Security, 2010/Eurostat

Direct Taxation (% of GDP)



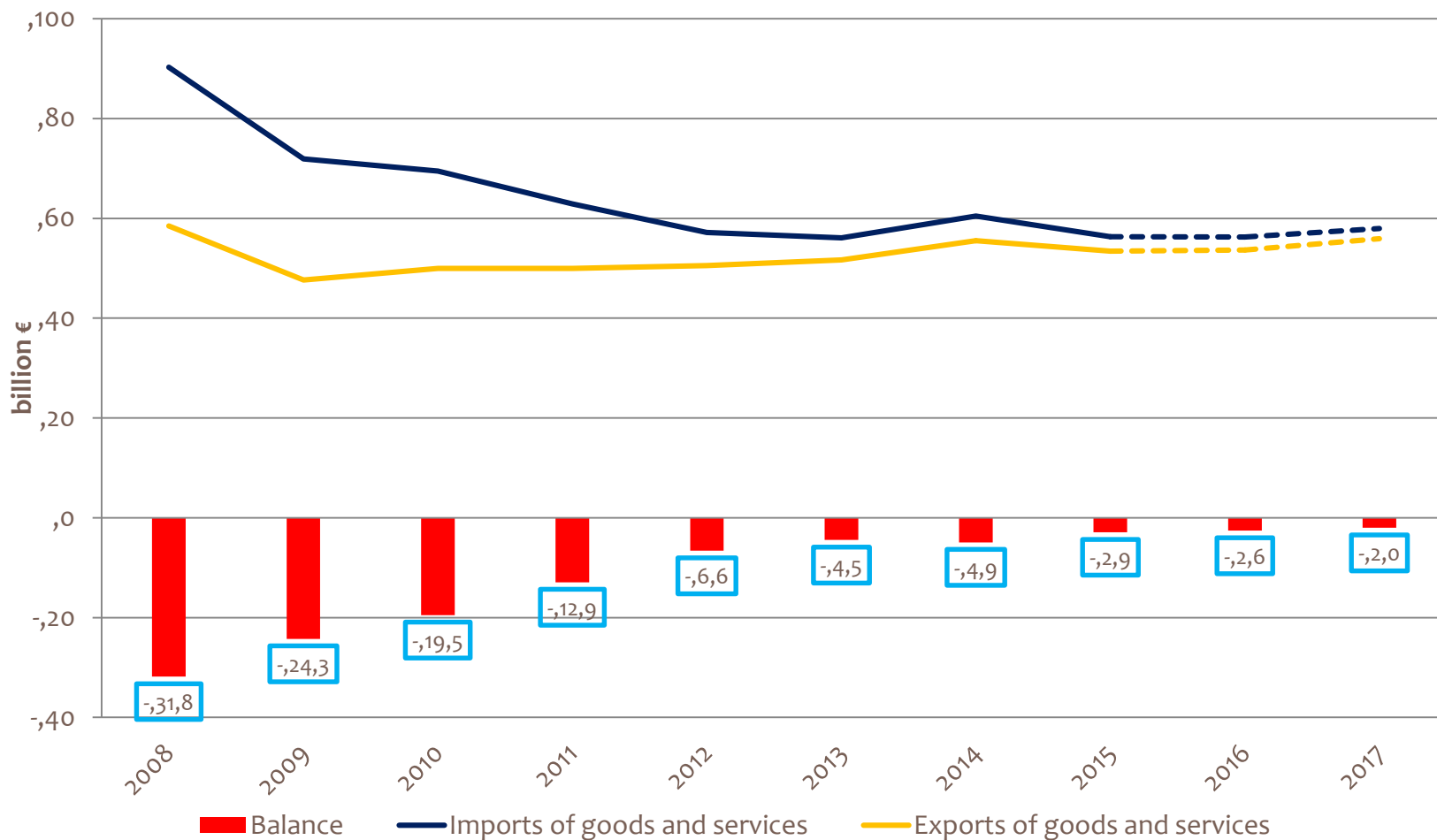
* Projection ** Forecast
Source: State Budget, 2005-2016, Ministry of Finance

Gross value added of Public Sector (% of GDP)



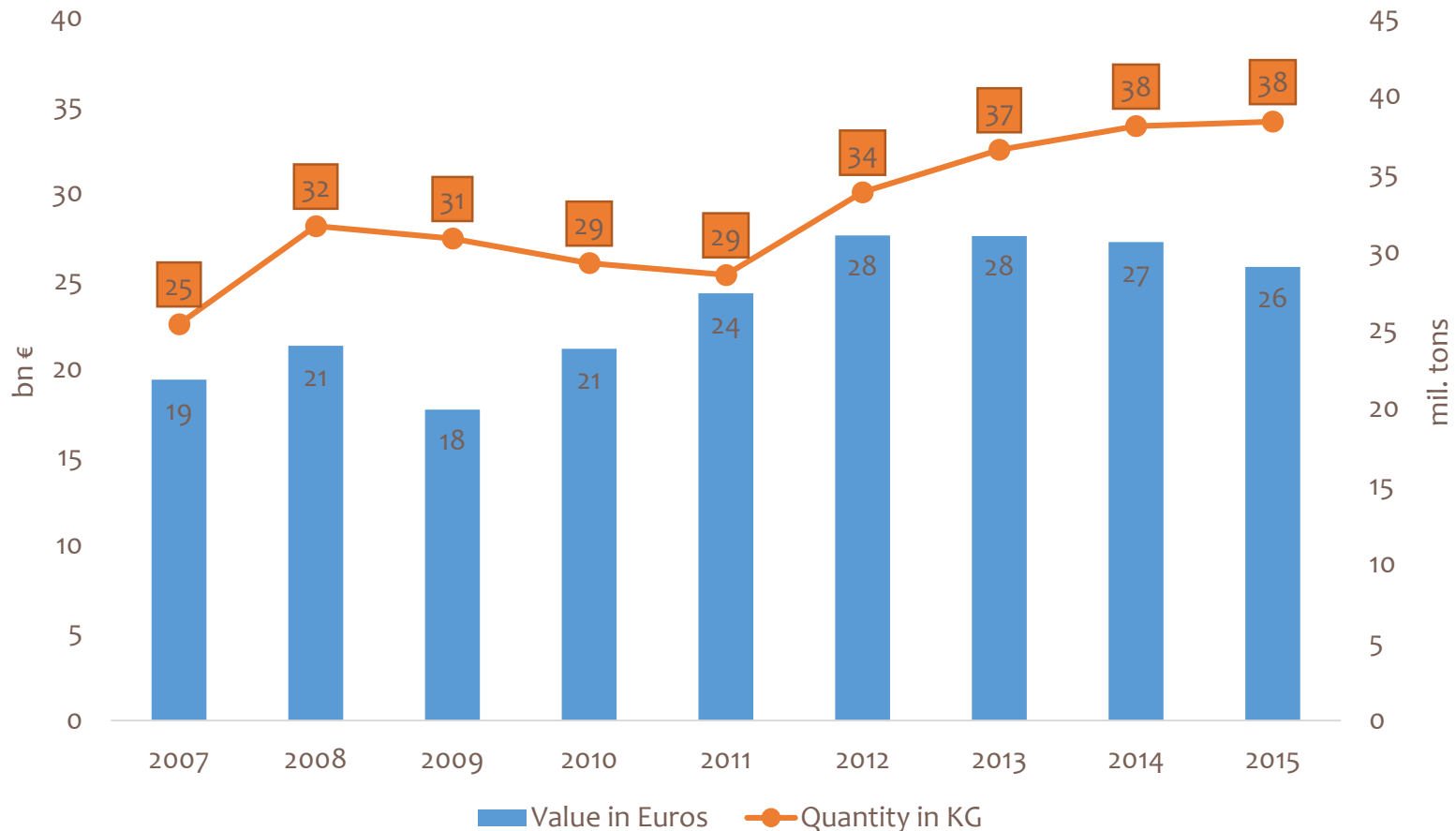
Source: Eurostat

Trade Balance (Goods and Services)



Sources: ELSTAT/European Economic Forecast, spring 2016, European Commission

Value vs. Volume of Exports

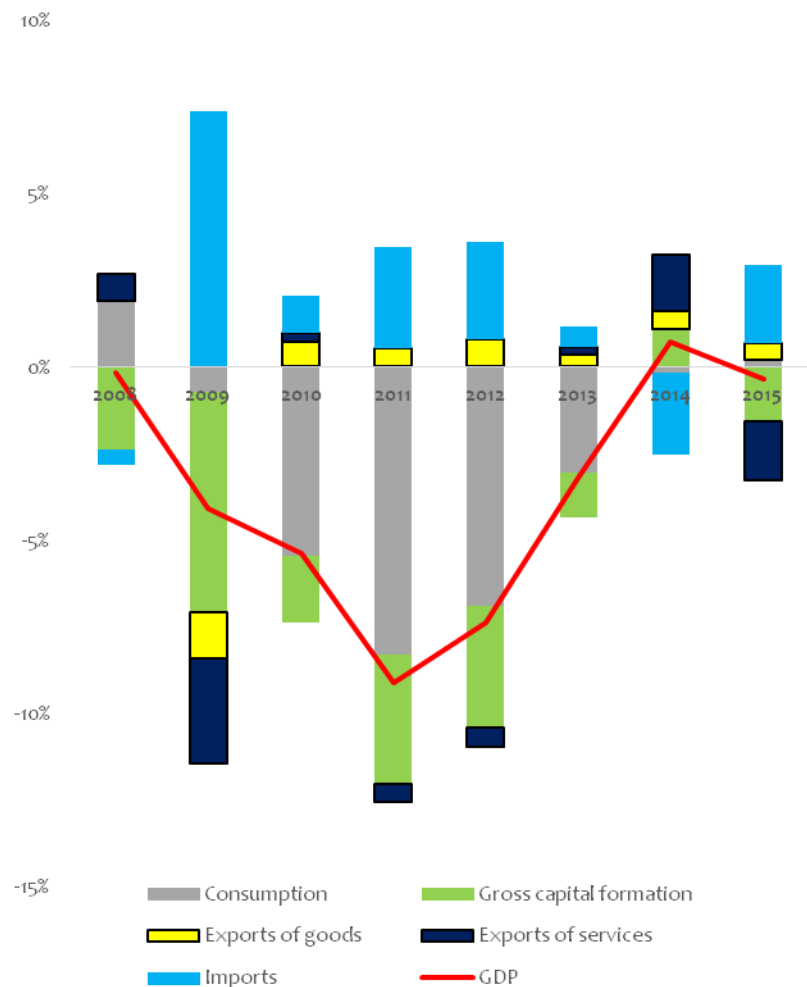


Source: Eurostat

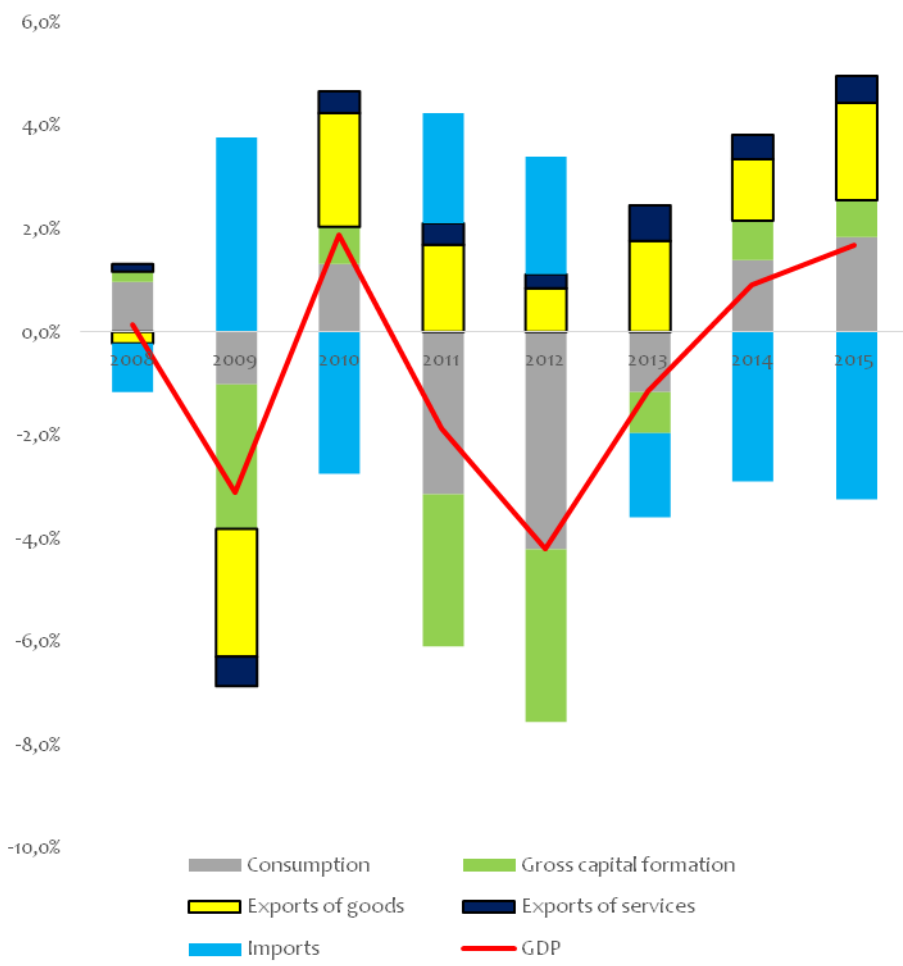
- Change of the value of exports, 2007-2015: +33%
- Change of the volume of exports, 2007-2015: +51%

Weak contribution of exports to GDP

GDP components (% change) - Greece

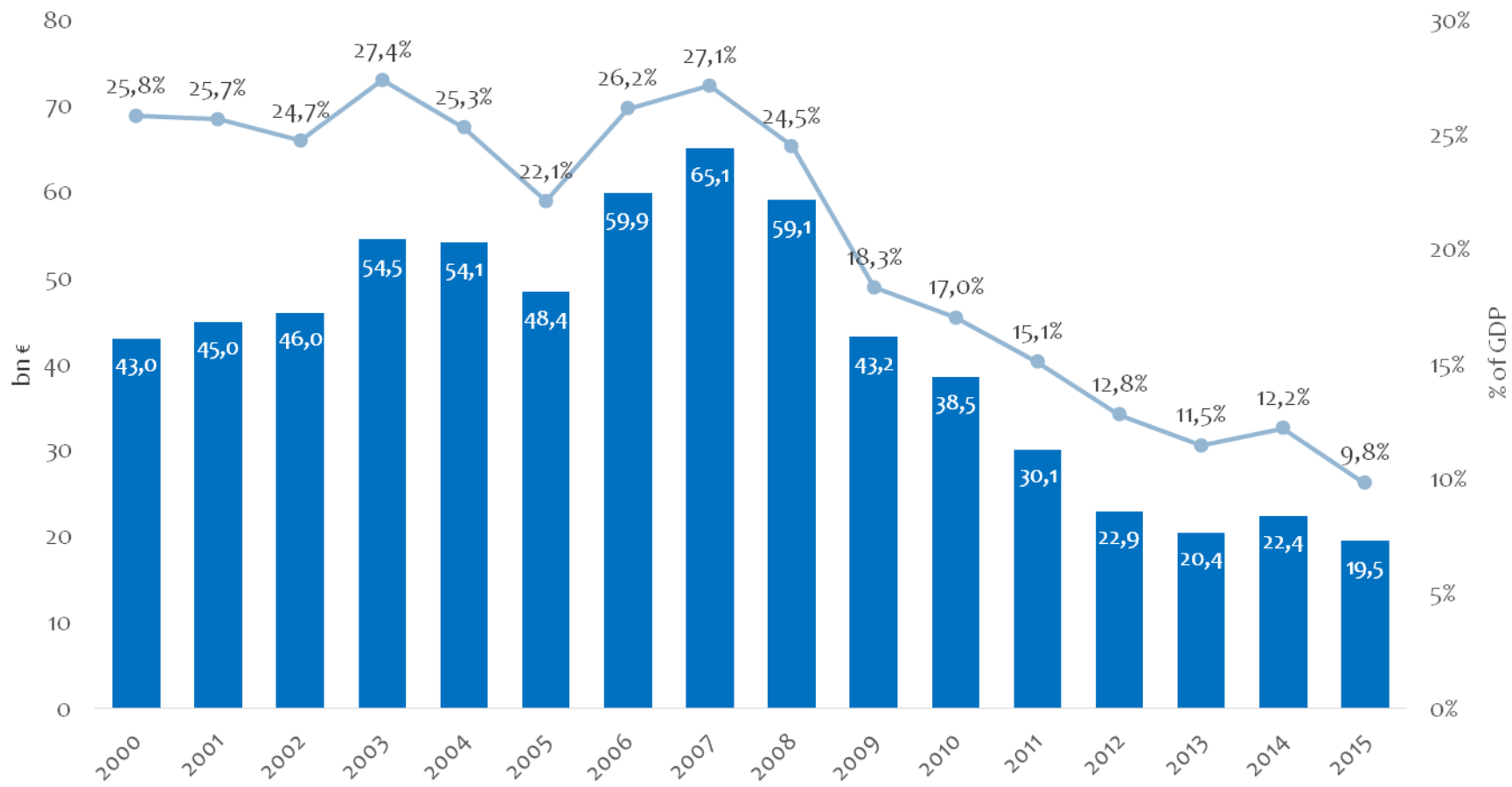


GDP components (% changes) - Portugal



Source: Eurostat

Investment

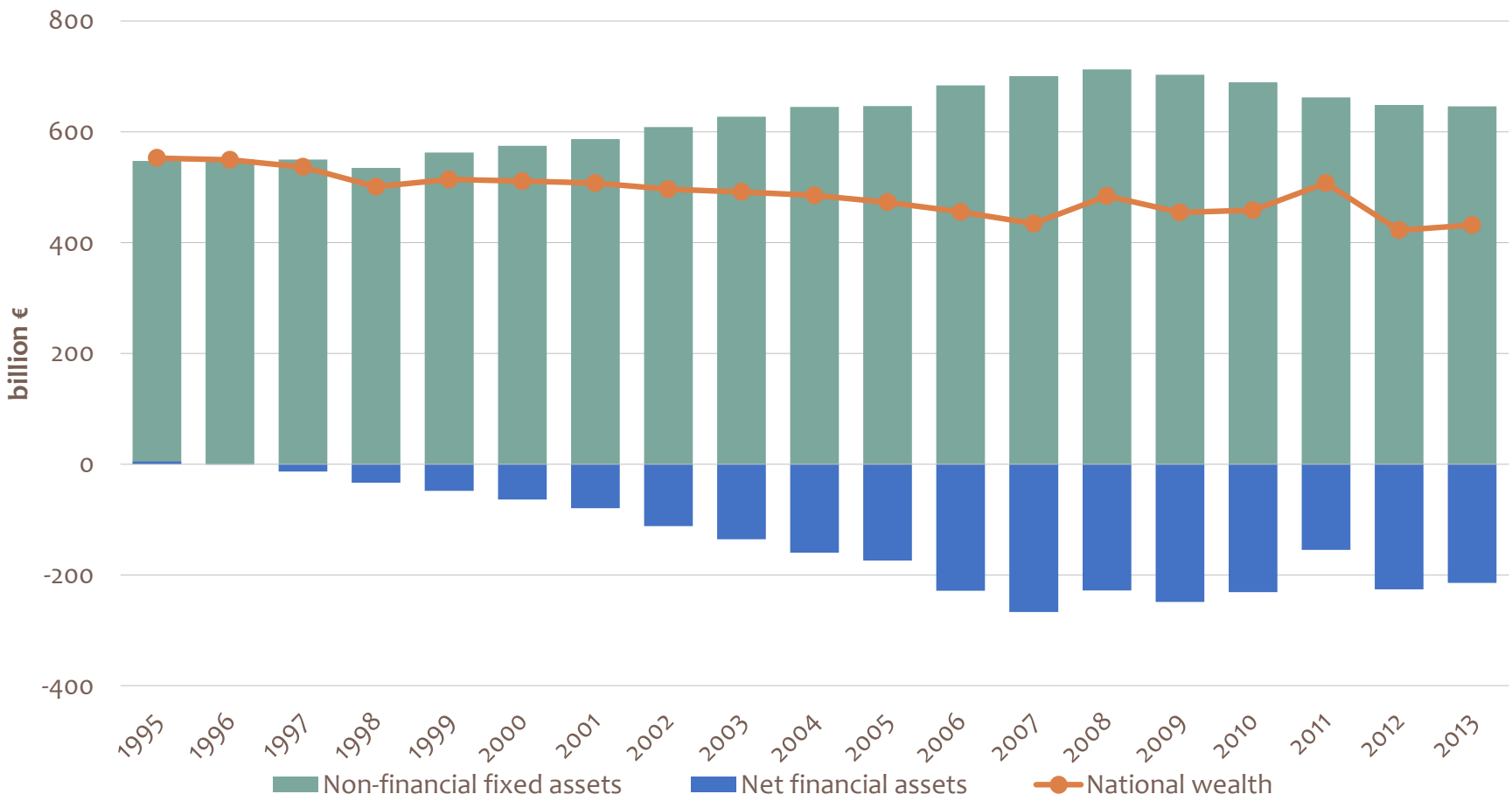


Source: Eurostat

AVG 2010-2015:

- Greece 13.1%
- Portugal: 16.8%

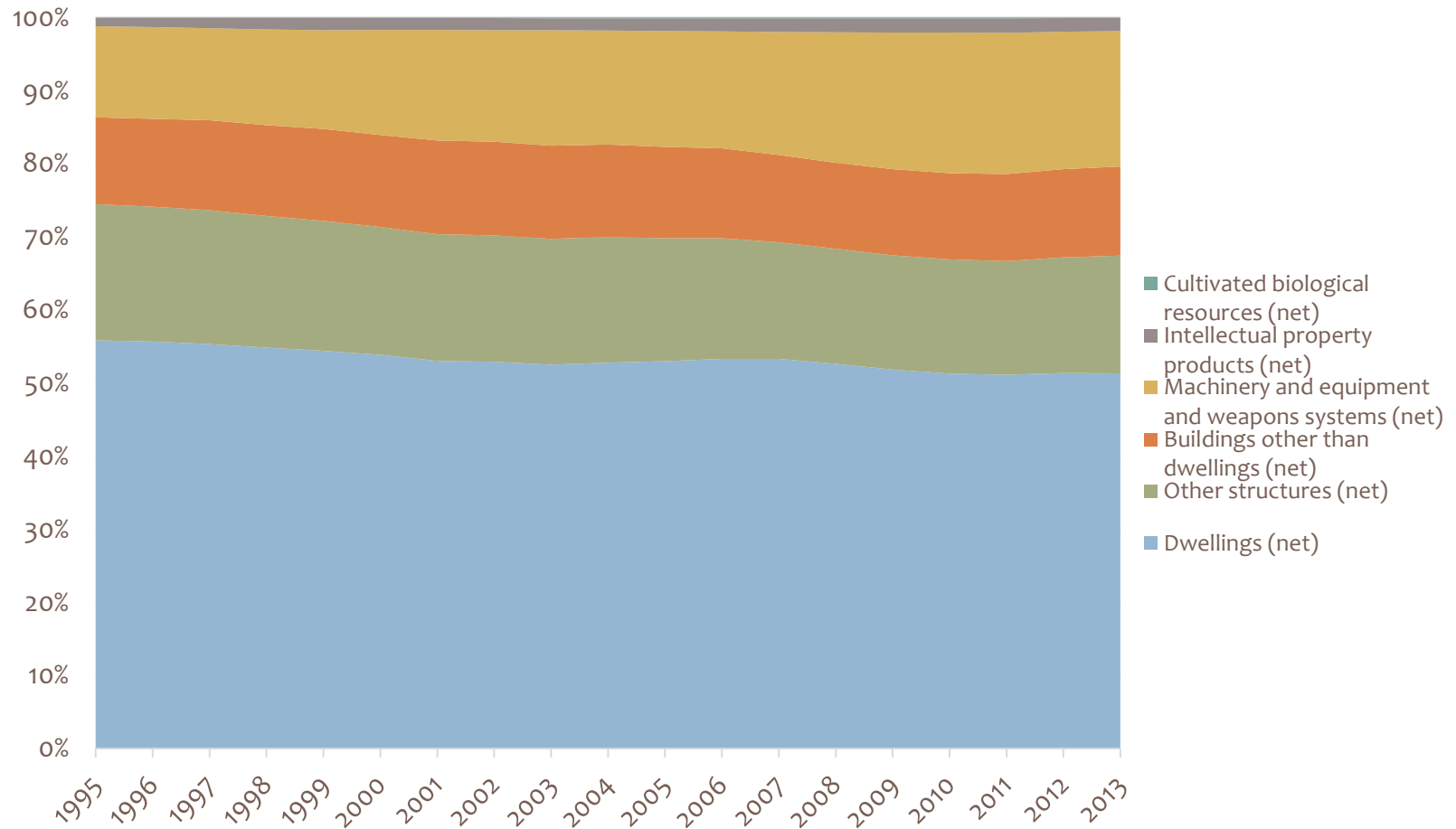
National wealth of Greece (2010 prices)



Note: Excludes items that are not included in the definition of an asset in ESA 2010 (human capital, natural resources that are not considered as economic assets, consumer durables and contingent assets and liabilities, which are not financial assets and liabilities) and items for which data was not available for Greece (valuables and non-produced non-financial assets, such as natural resources, contracts, leases, licences, goodwill and marketing assets). The constant price values are estimated using the GDP deflator.

Source: Eurostat, data processing: IOBE

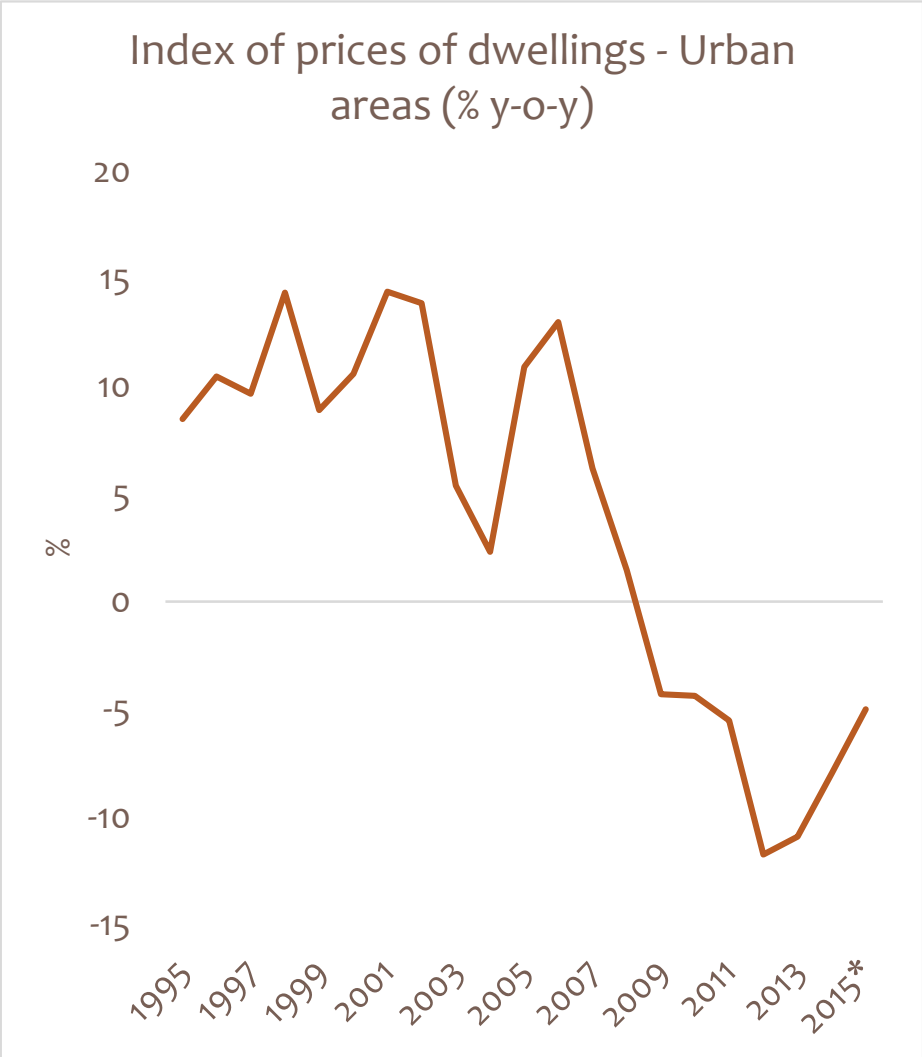
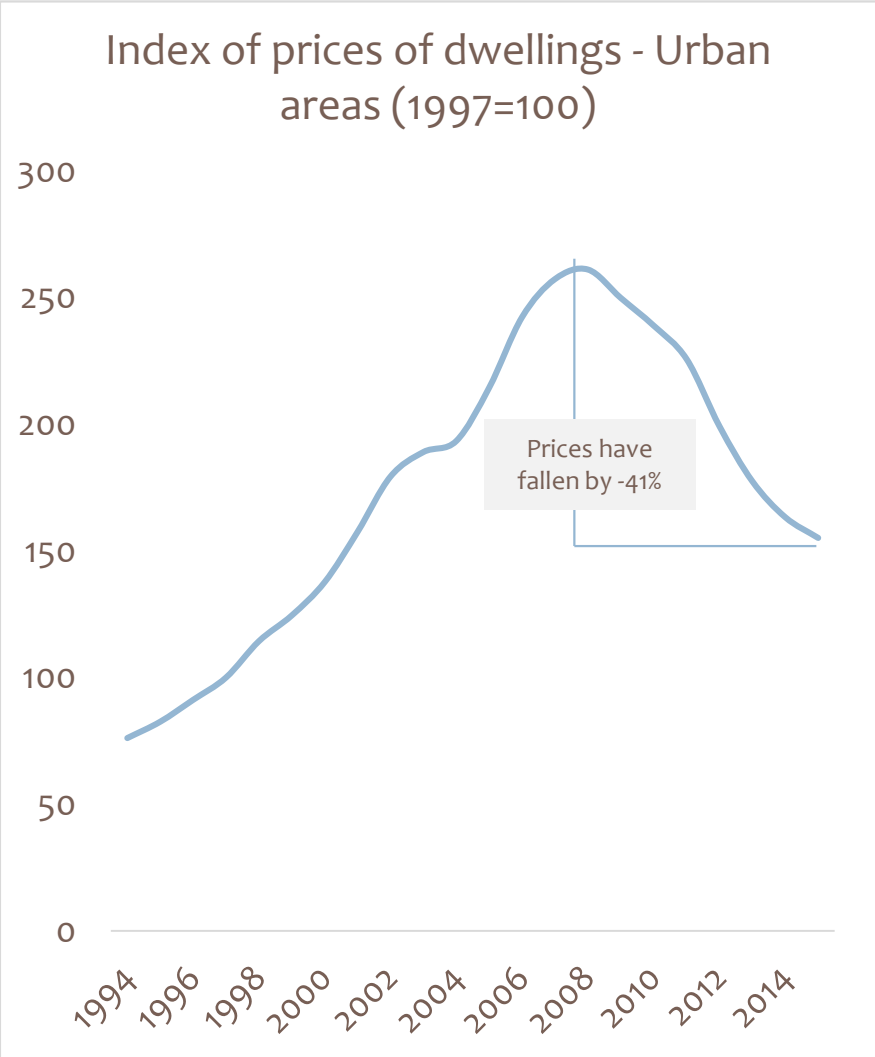
Composition of Greece's fixed assets



Note: Excludes items that are not included in the definition of an asset in ESA 2010 (human capital, natural resources that are not considered as economic assets, consumer durables and contingent assets and liabilities, which are not financial assets and liabilities) and items for which data was not available for Greece (valuables and non-produced non-financial assets, such as natural resources, contracts, leases, licences, goodwill and marketing assets).

Source: Eurostat, data processing: IOBE

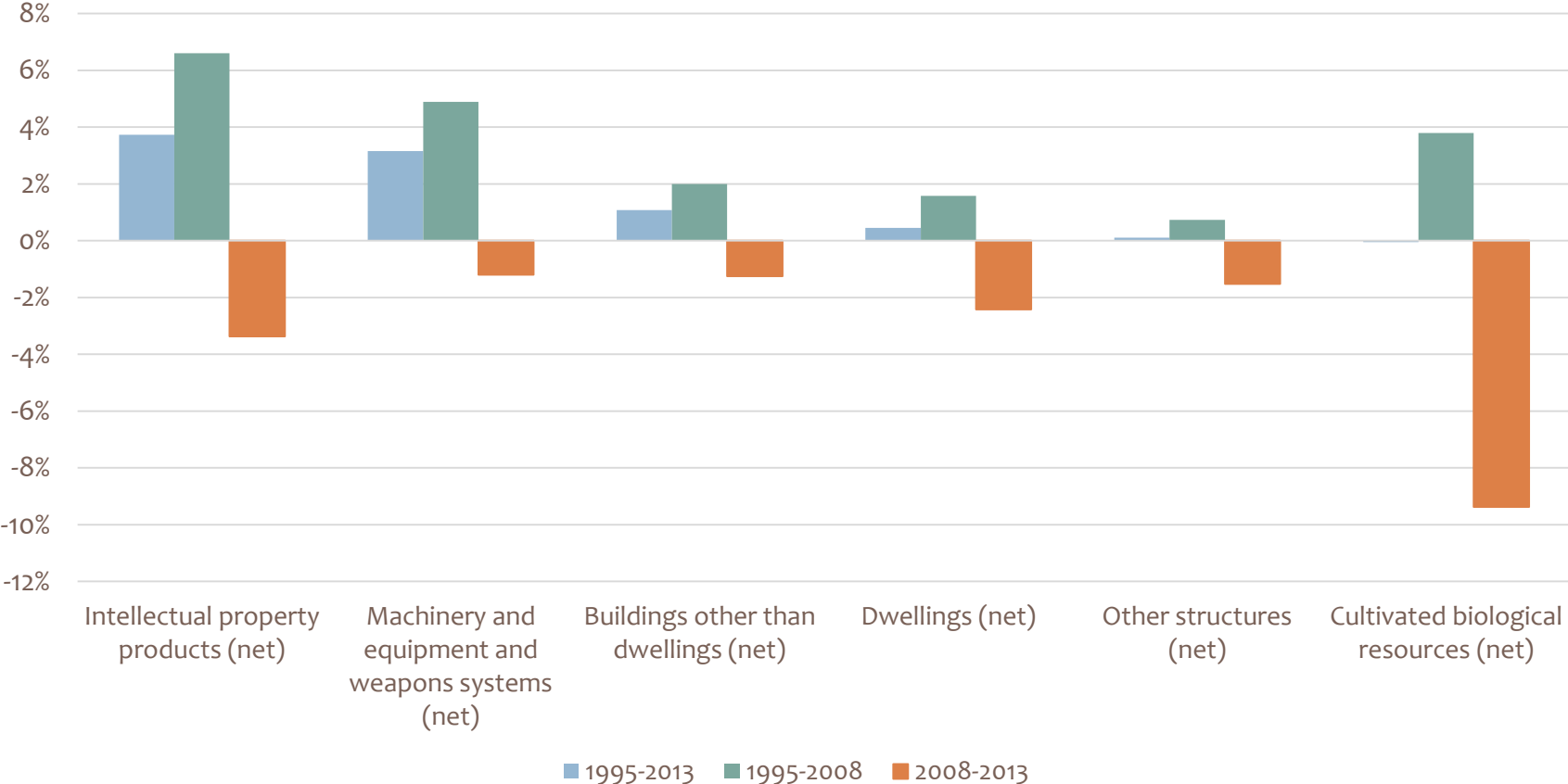
Prices of dwellings



Source : Bank of Greece
*2015 provisional data

Annual change of fixed asset components before and during the crisis

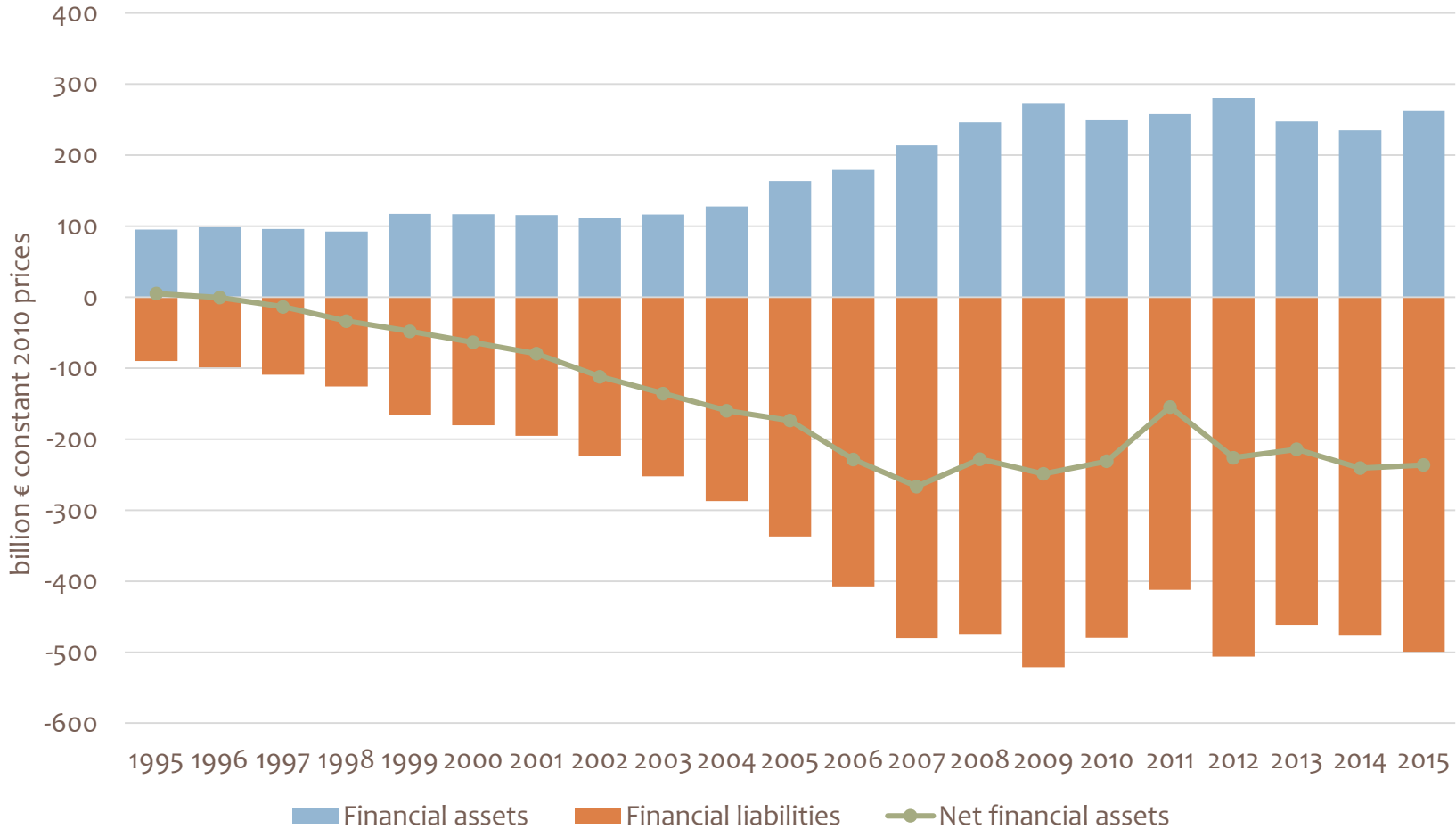
Fixed Asset Components,
Compounded Annual Growth Rates, constant 2010 prices



Note: The constant price values are estimated using the GDP deflator.

Source: Eurostat, data processing: IOBE

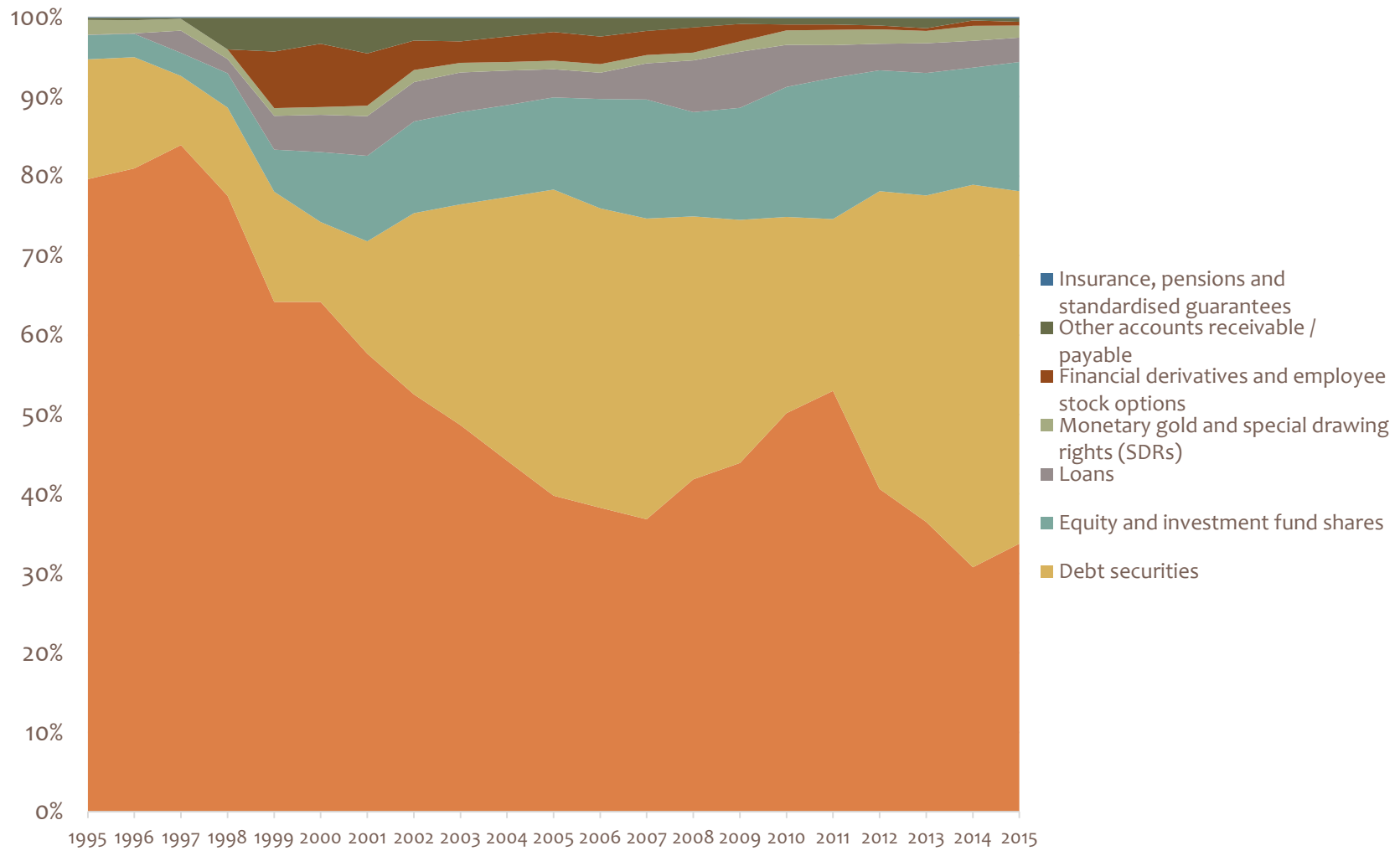
Net financial assets of Greece with the rest of the world



Note: The constant price values are estimated using the GDP deflator.

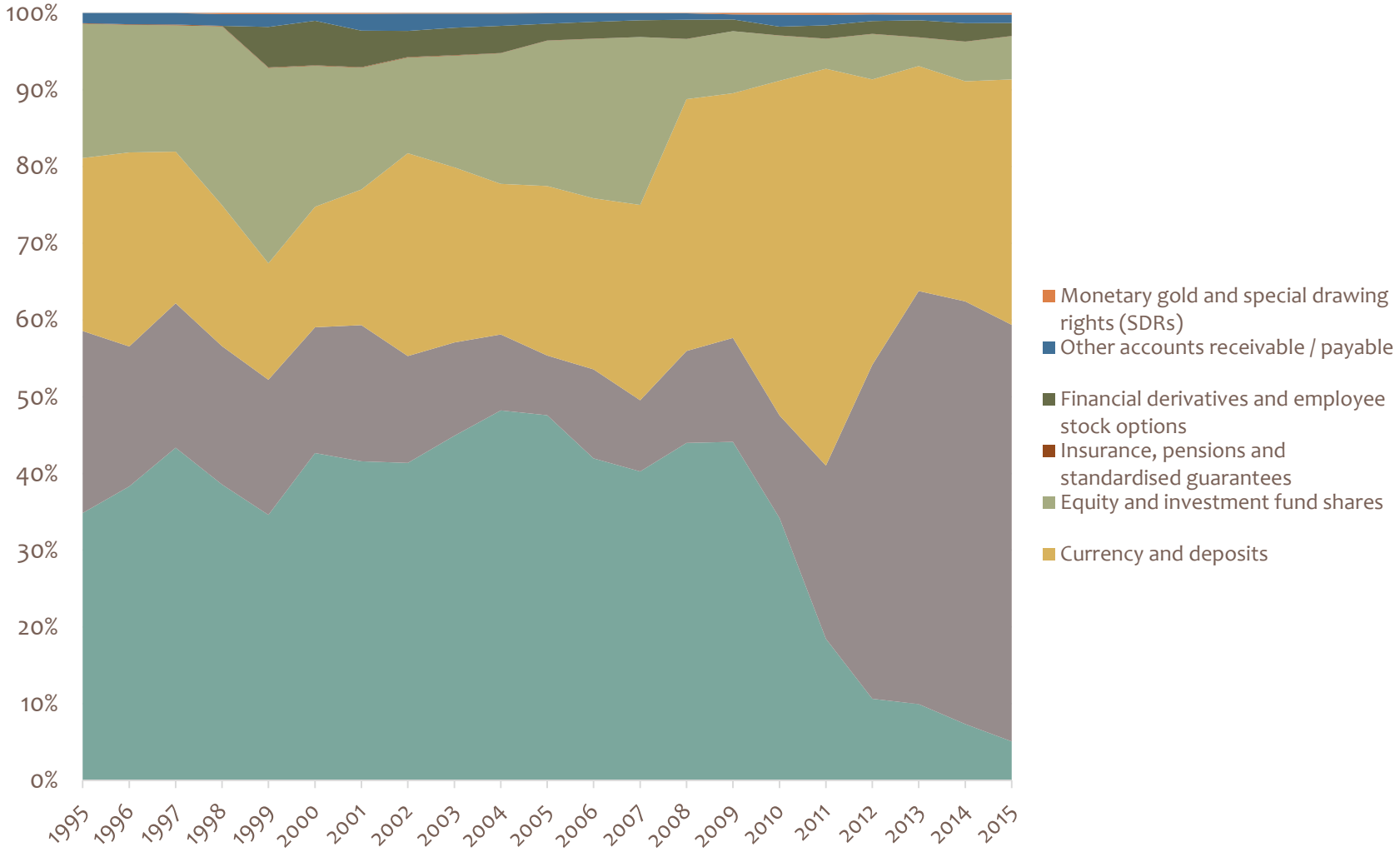
Source: Eurostat, data processing: IOBE

Composition of financial assets

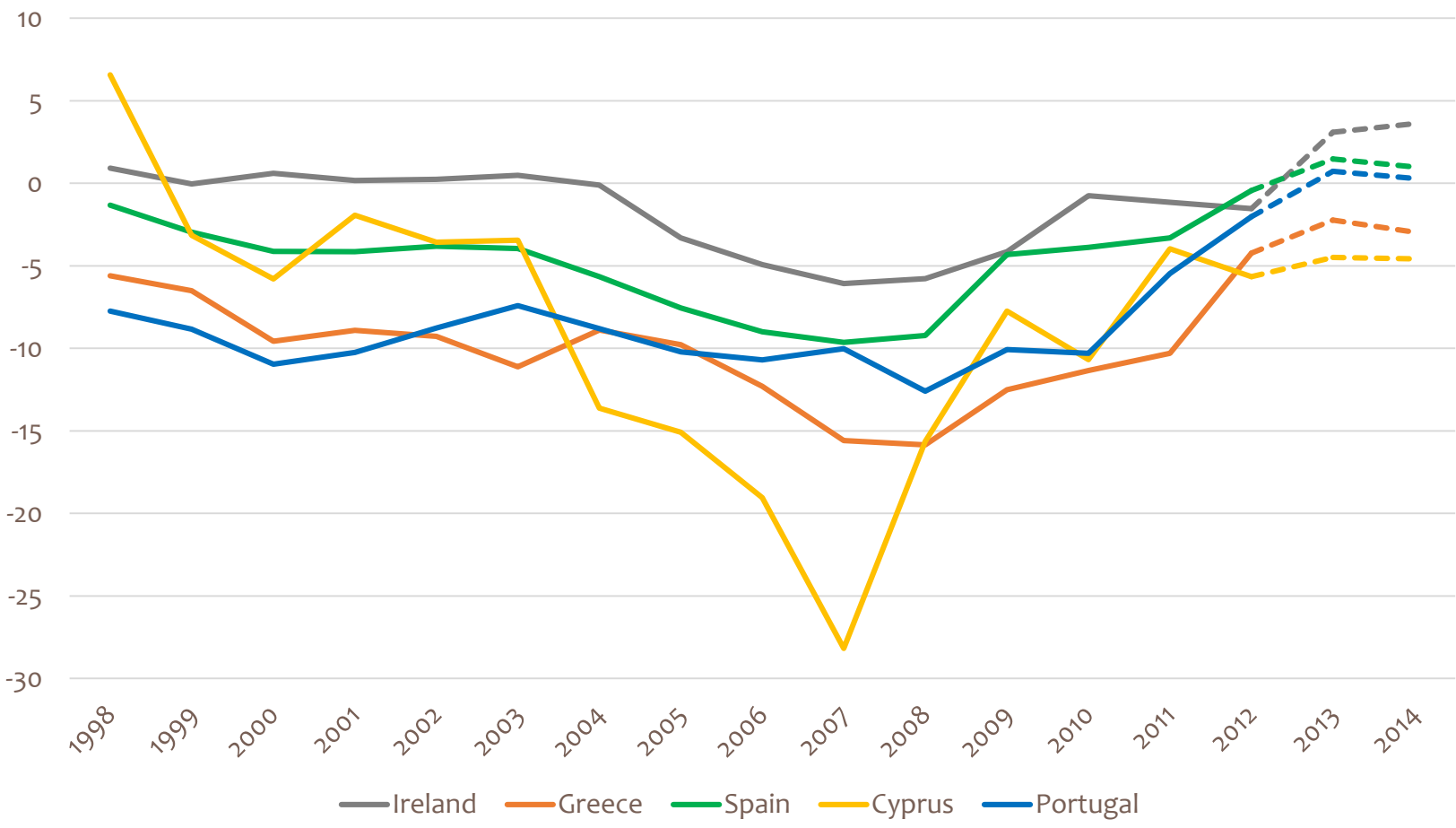


Source: Eurostat, data processing: IOBE

Composition of financial liabilities

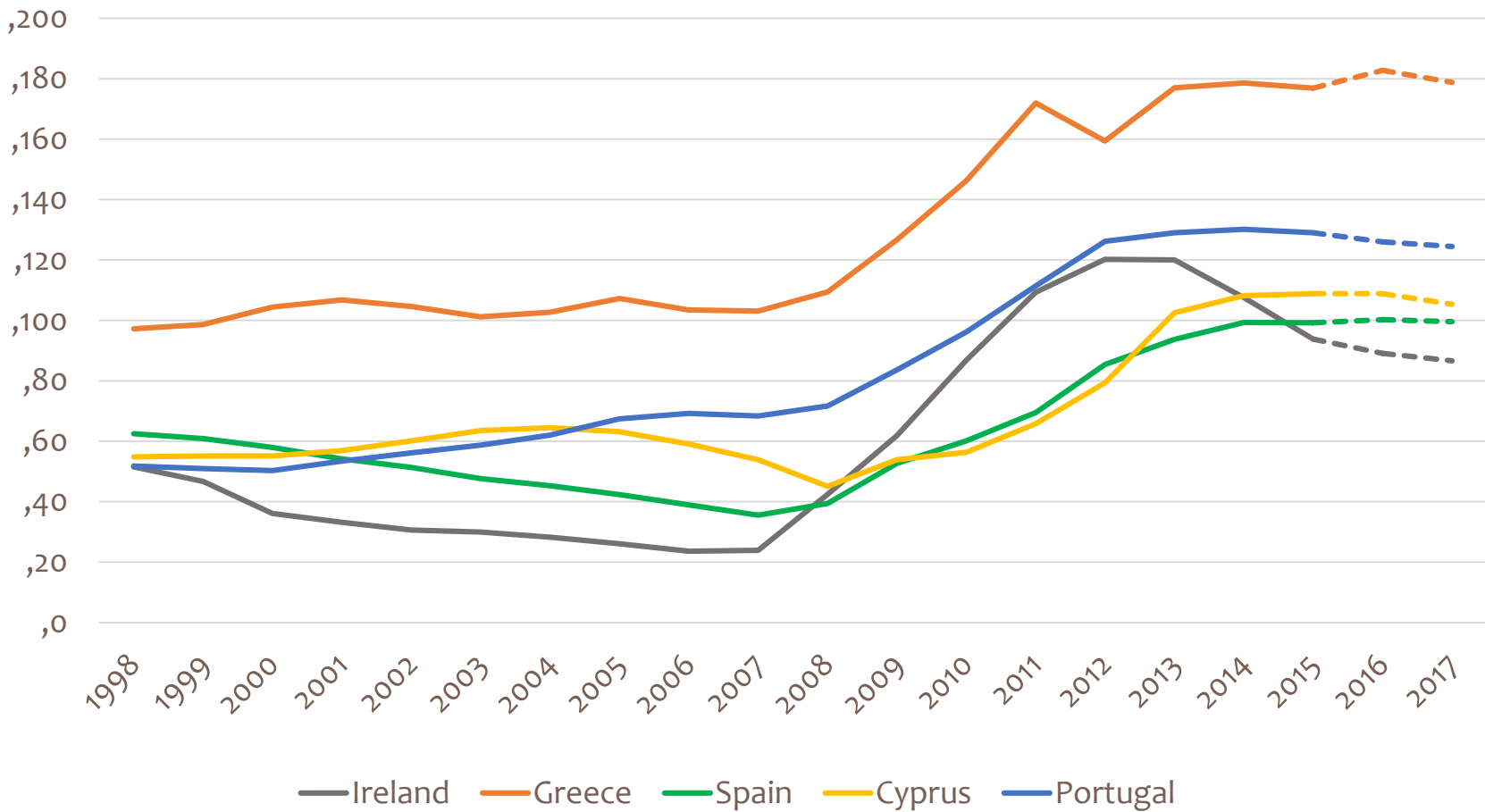


Current Account Balance – Eurozone periphery (% of GDP)



Sources: Eurostat/European Economic Forecast, spring 2016, European Commission

Government Debt – Eurozone periphery (% GDP)



Sources: Eurostat/European Economic Forecast, spring 2016, European Commission

Greek economy prospects

- Positive scenario: increasing consensus and clarity, investment and openness, gradual shift to a new growth model, positive interaction with EU environment.
- Negative scenario: lack of willingness or ability to implement reforms, low liquidity and investment, lingering uncertainty
[Risks: (1) political (2) banks (3) Europe]
- Uncertainty is the key ingredient of a continuing vicious cycle.
- The meaning of Eurozone participation for Greece.

- Economic climate indicator
- Quarterly review of the Greek Economy
- Micro level studies (industry, tax, investments)
- Macro level studies
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