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ΒΙΟΜΗΧΑΝΙΚΩΝ ΕΡΕΥΝΩΝ

The evolving landscape for global trade and investments: implications for the Greek economy

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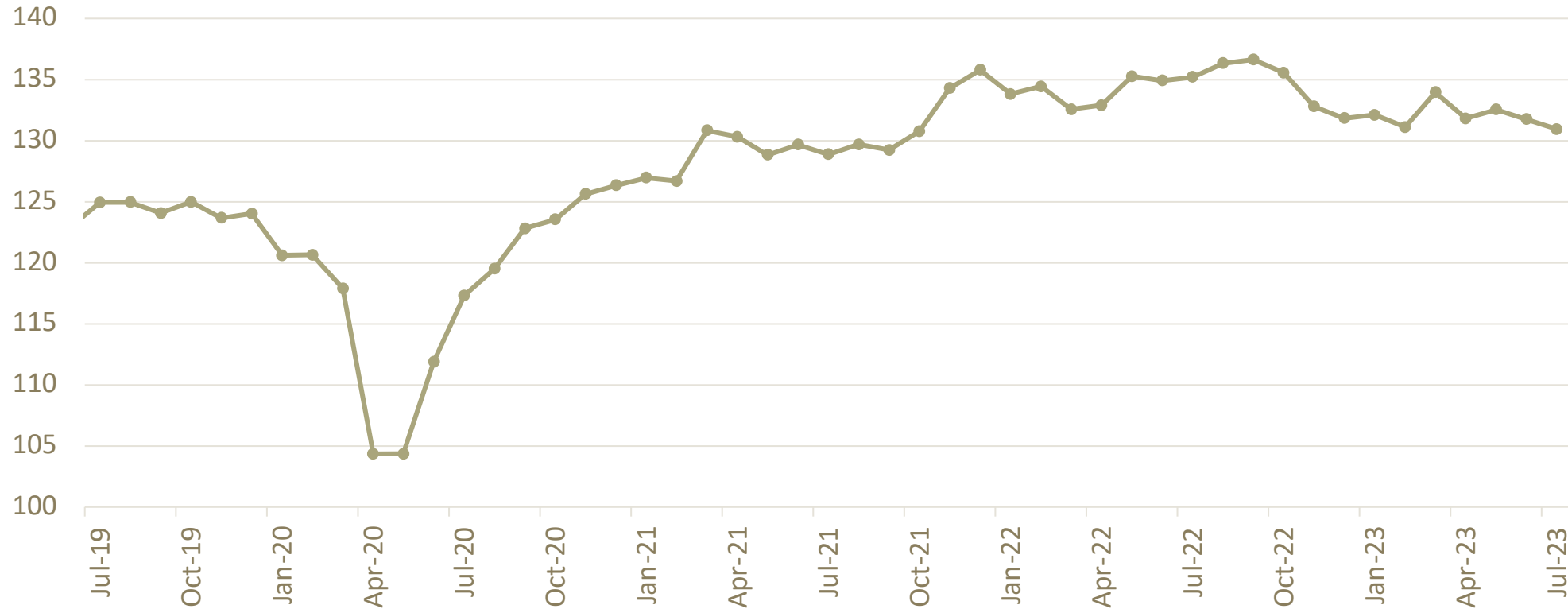
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8th Business Forum Greece-Sweden

19 October 2023

World trade activity

CPB World Trade Index (2010=100)

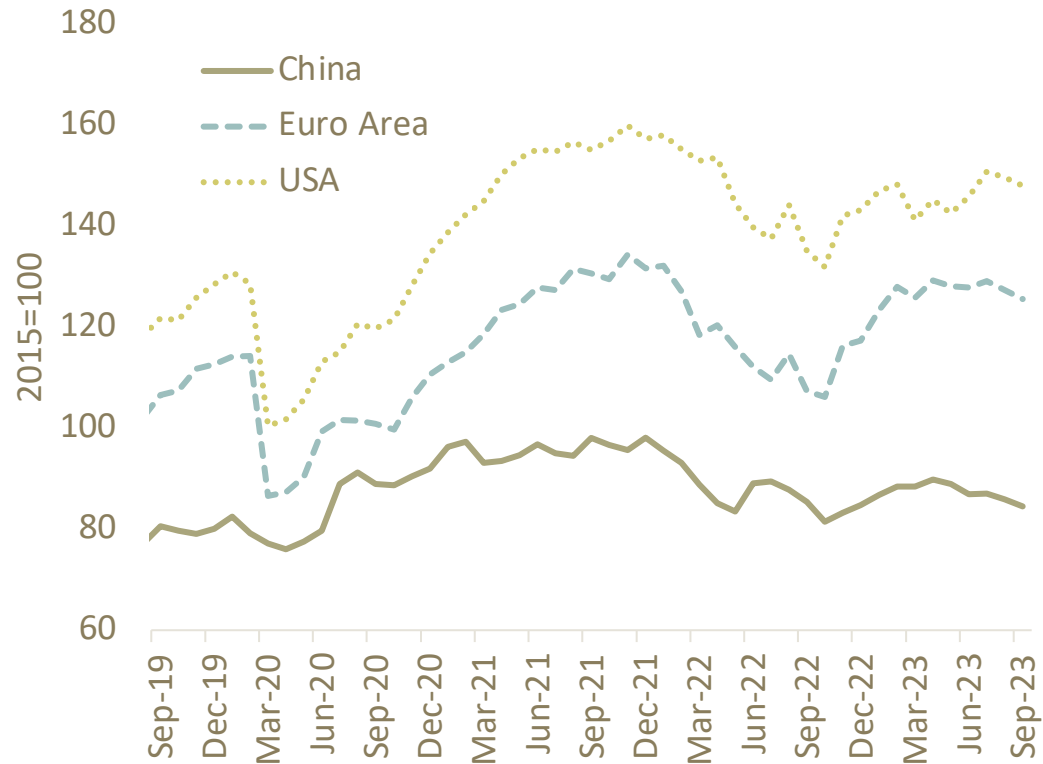


Sources: CPB World Trade Monitor

Following the peak of world trade flows in mid-2022, the momentum has decelerated during 2023.

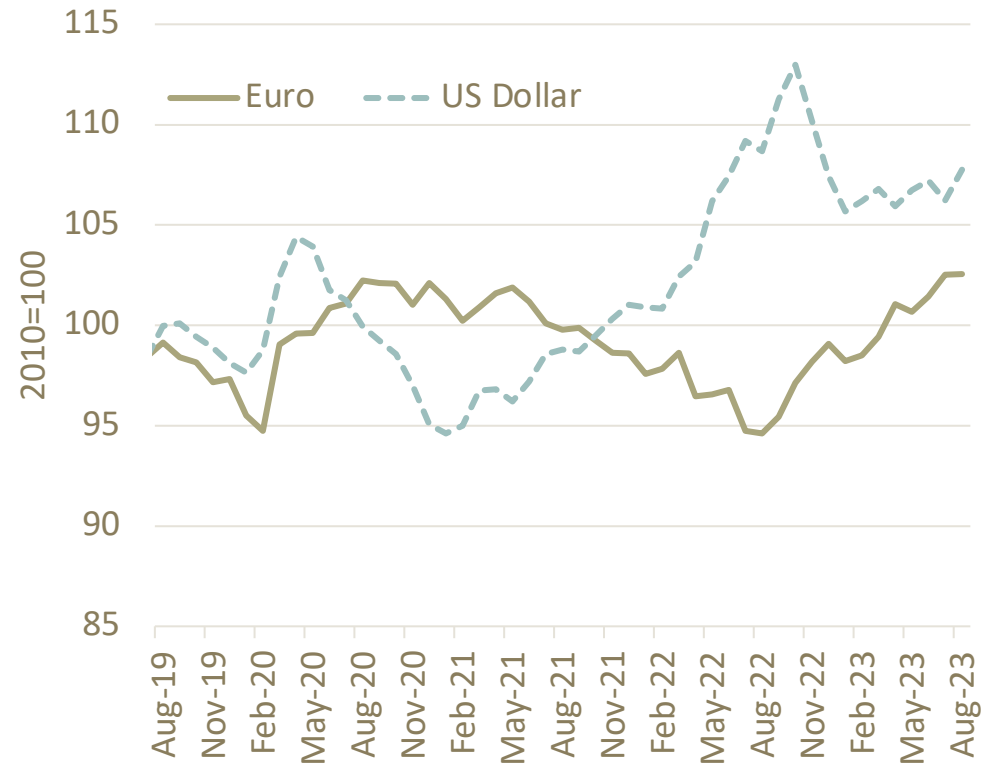
World markets

Stock market indices



Source: OECD, monthly average closing price index

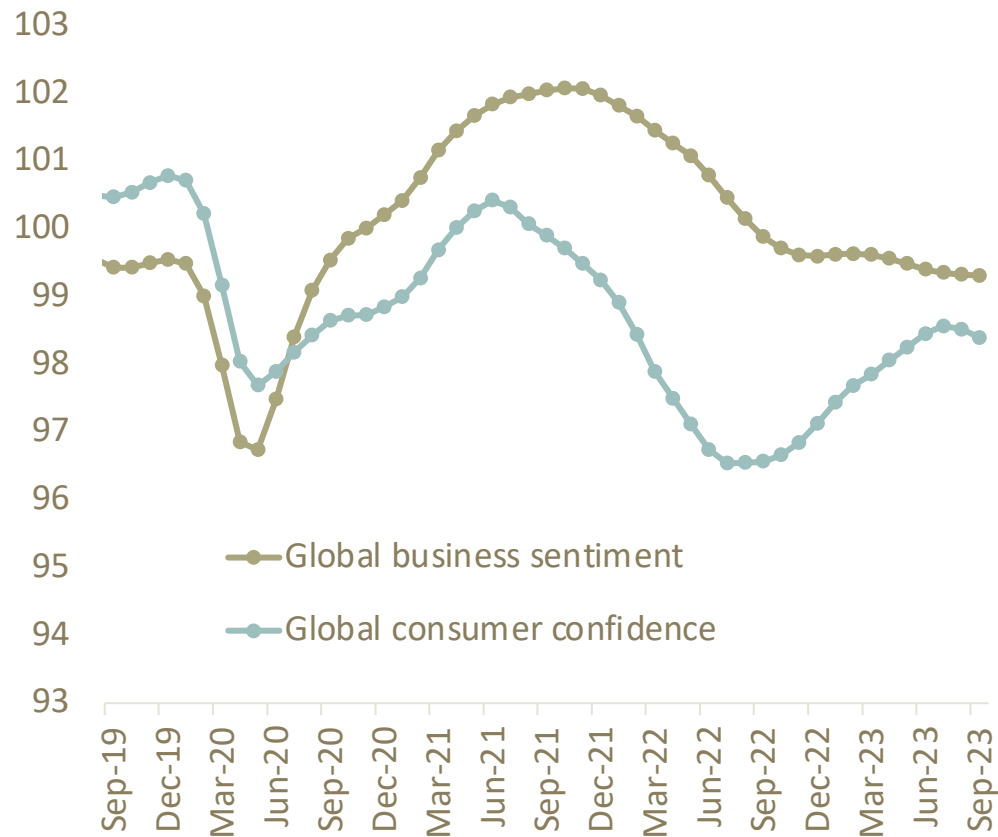
Real Effective Exchange Rate



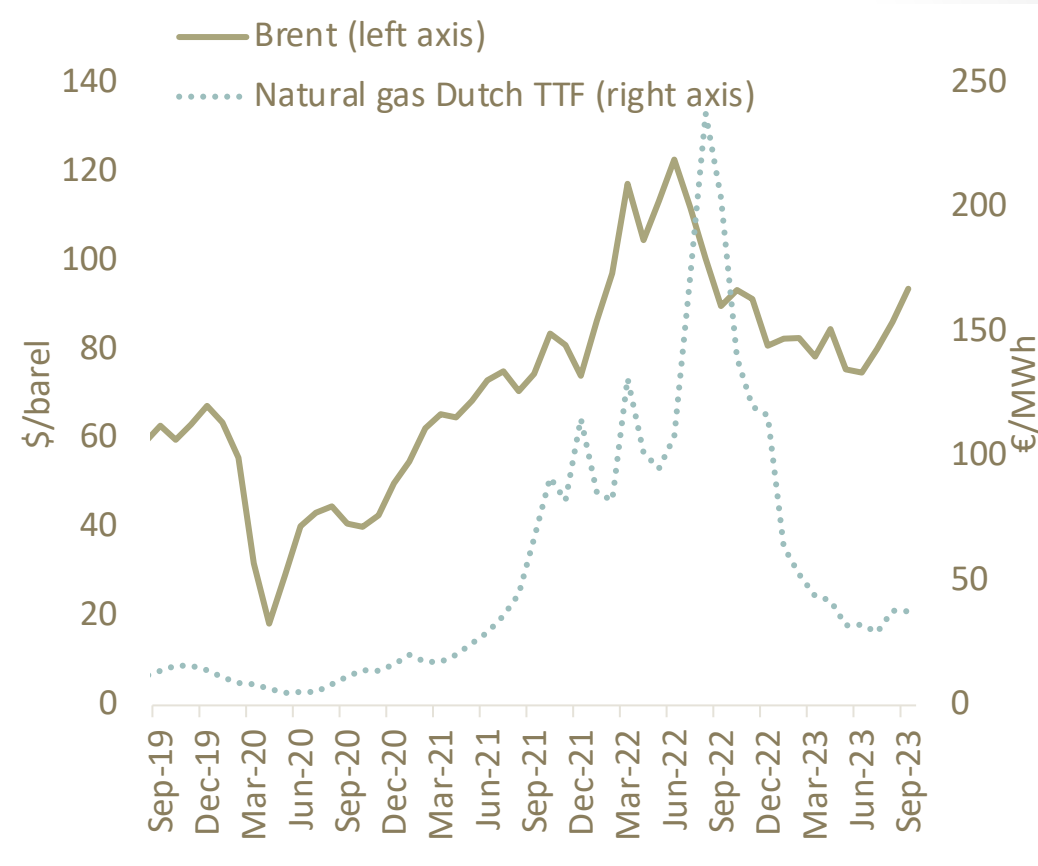
Source: ECB

**Following the strong financial investment appetite in 2021 and early 2023...
...markets lately show signs of caution and reservation.**

Global sentiment and energy prices



Source: OECD



Sources: EIA and NYMEX

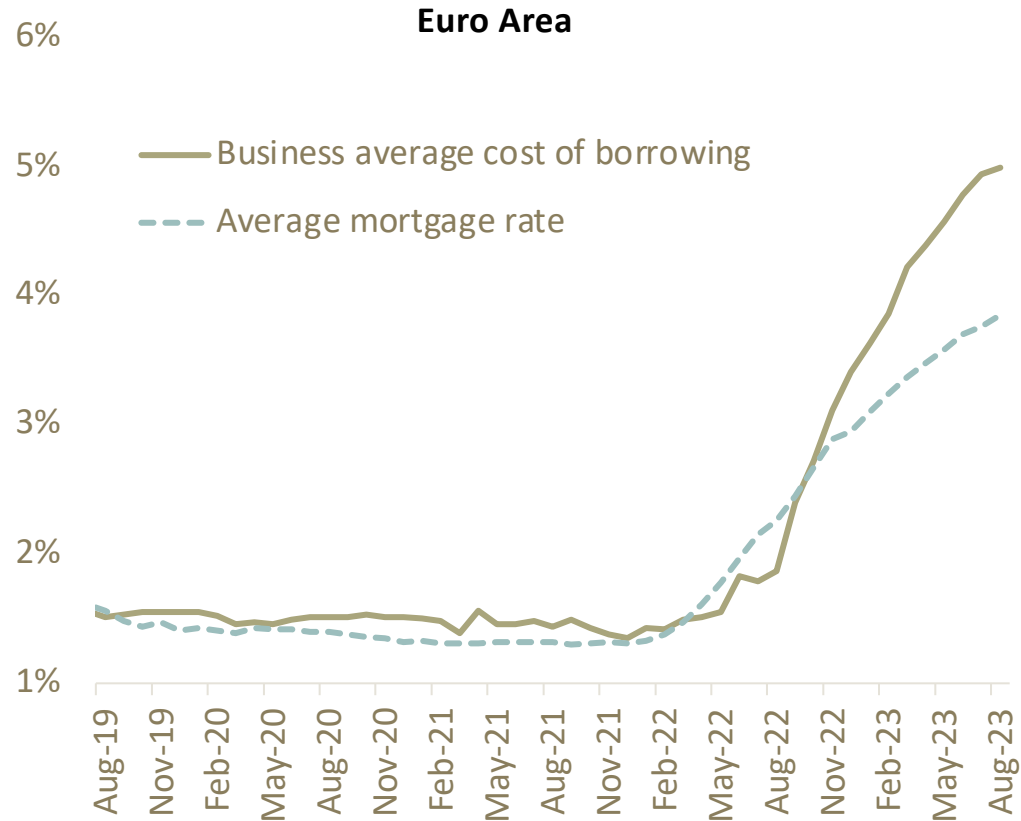
Global business sentiment has been on a declining path since late 2021.

Global consumer confidence recovered partly in early 2023.

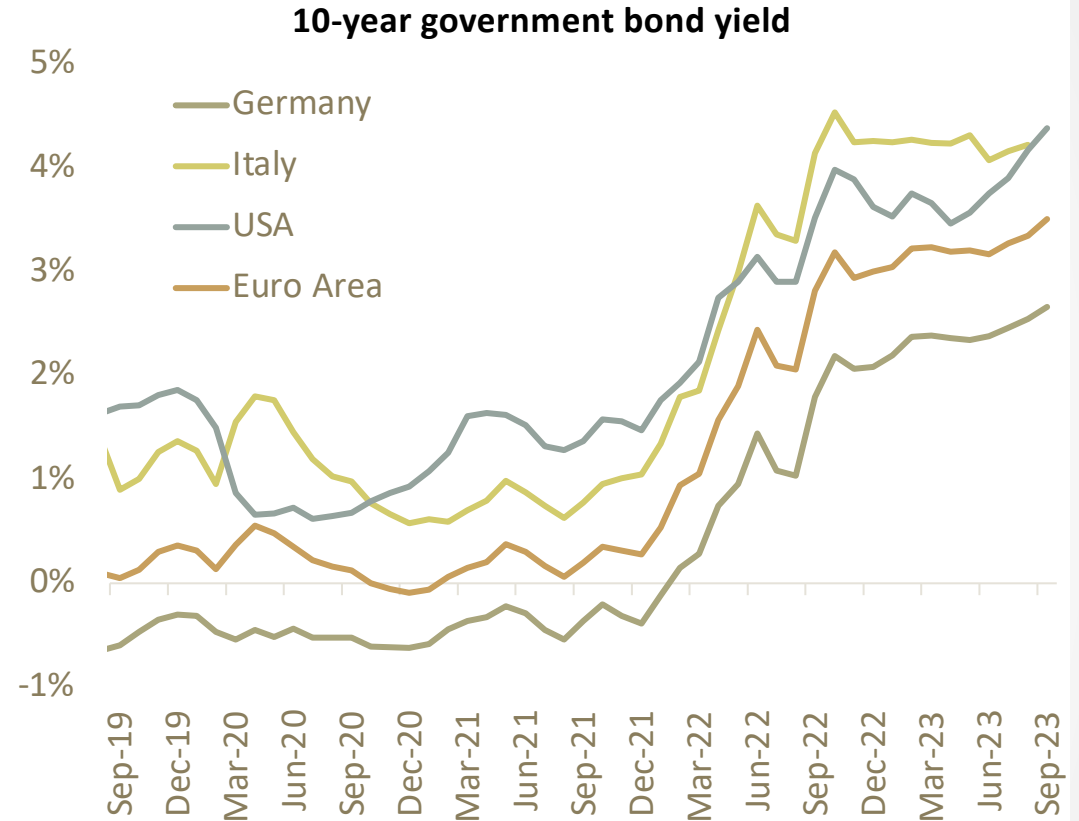
Energy prices record an upward trend again, following their peak in 2022 and significant correction in early 2023.



Globally increasing cost of funding



Source: OECD, monthly average closing price index

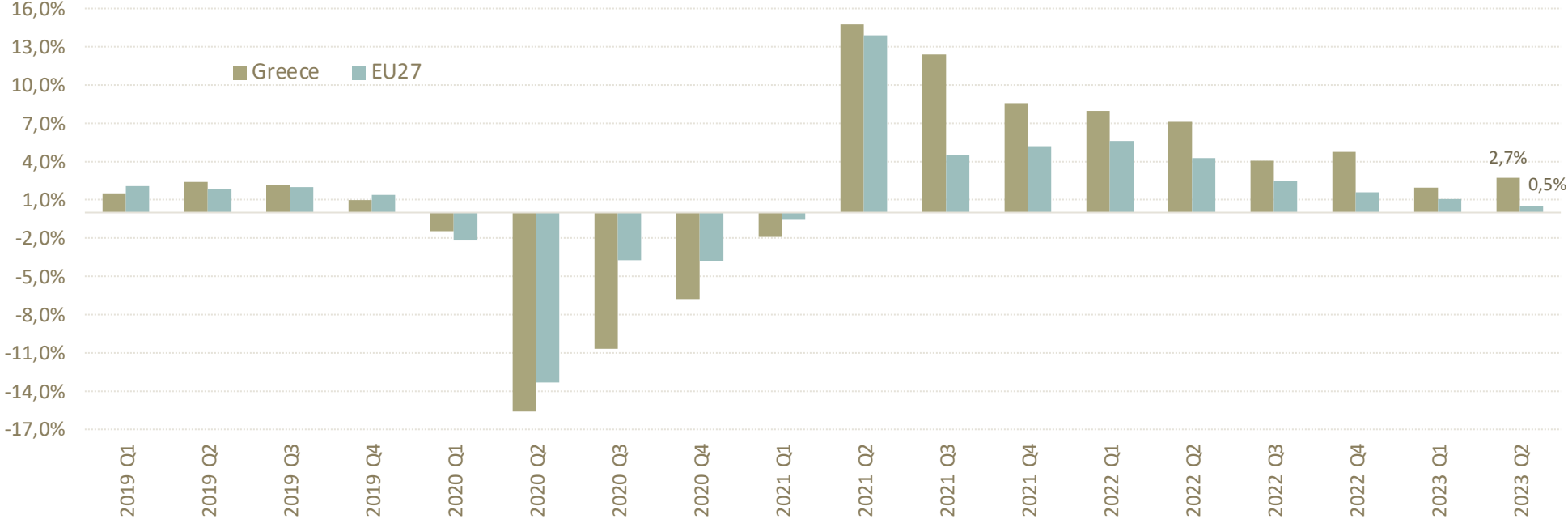


Source: ECB & OECD

Amid monetary policy tightening conditions, the cost of borrowing has been increasing since early 2022, for both the private and public sectors.

Greek GDP growth rate keeps its momentum, while other European economies are decelerating

Quarterly real GDP (y/y growth rate)

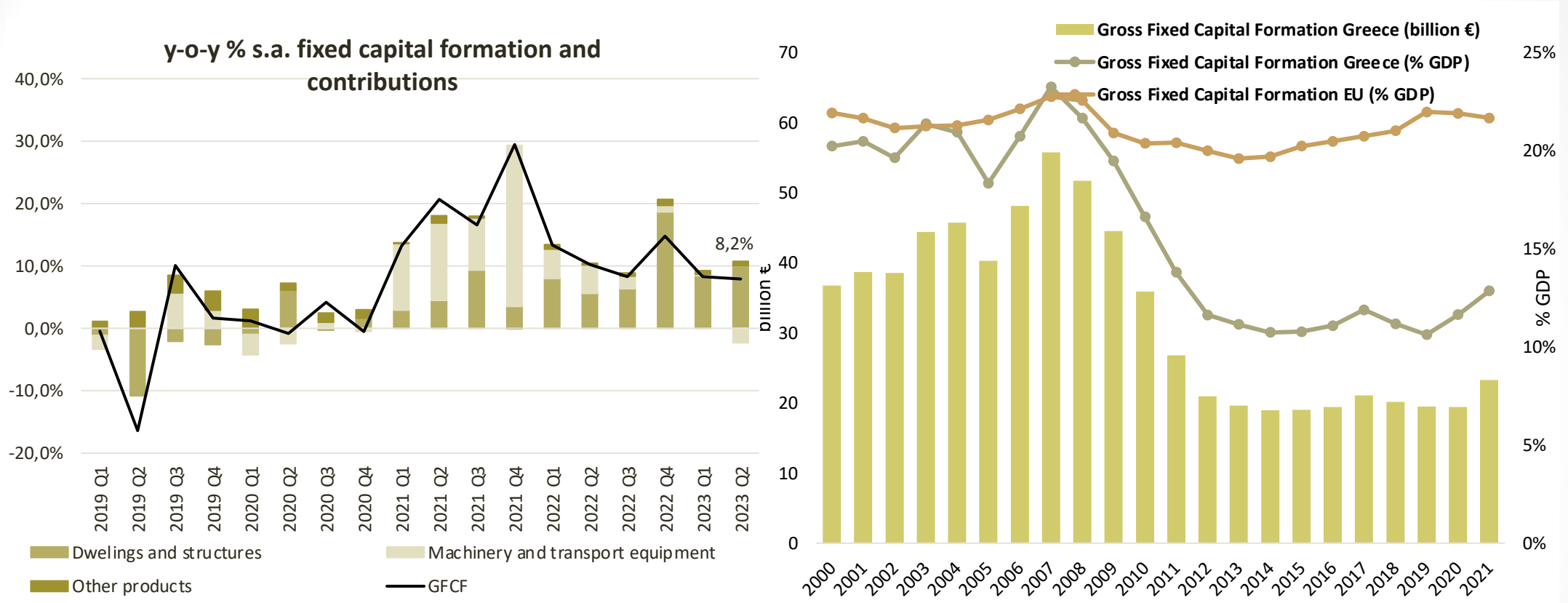


Source: ELSTAT, s.a., constant 2015 prices

Most forecasting entities anticipate an **annual real growth rate above 2%** for the current year



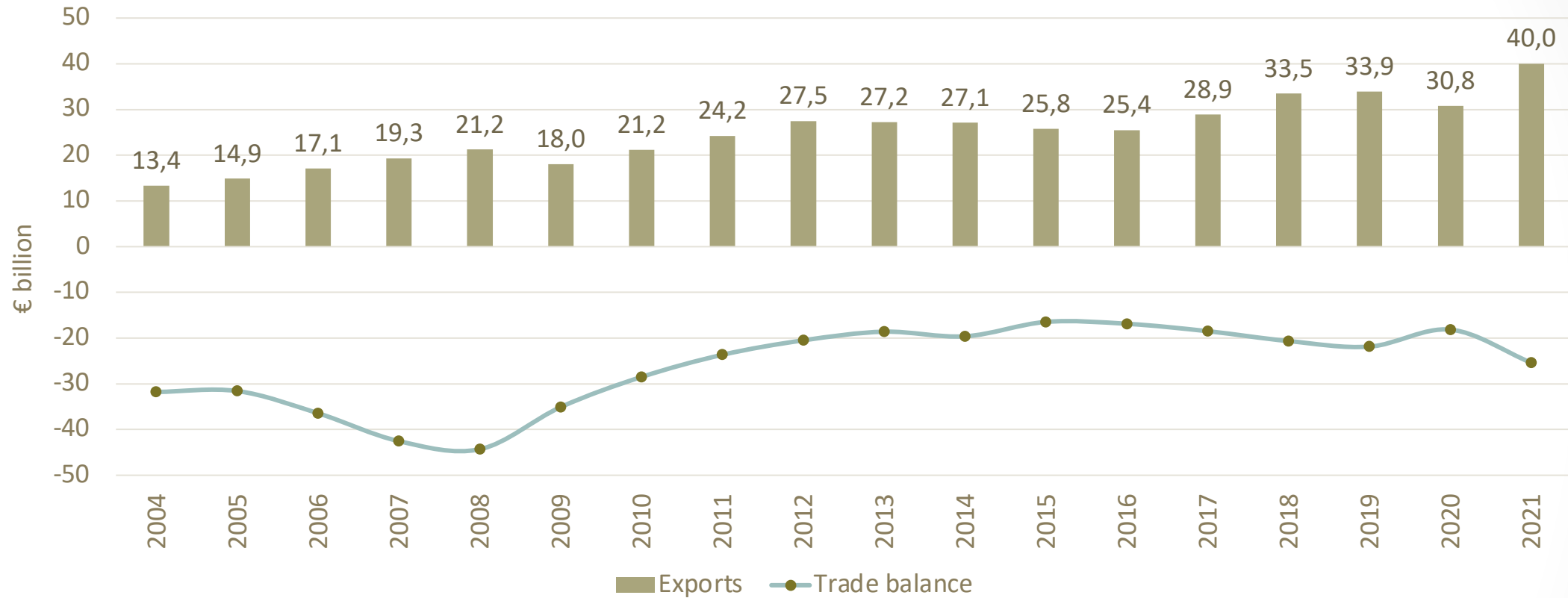
Gross fixed capital formation and investment gap



Source: Quarterly National Accounts, Eurostat

The recovery of fixed investments in 2023 is mainly due to the construction sector, while the trend for machinery and transport equipment has been fluctuating. Investment rates are still low in Greece, compared to European peers.

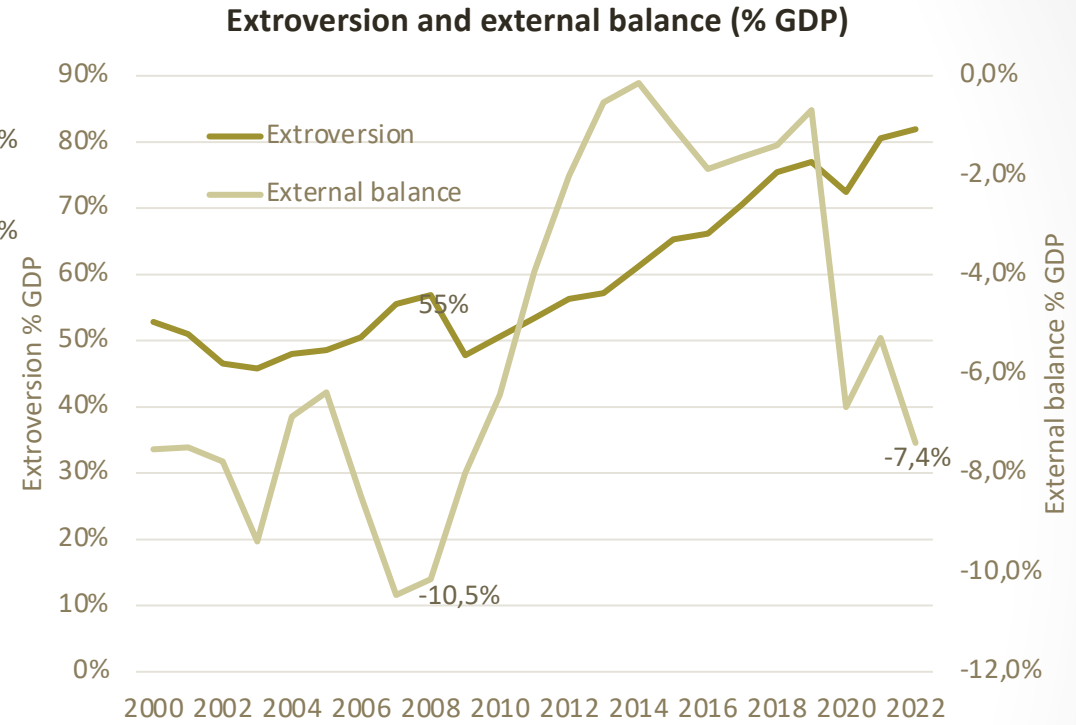
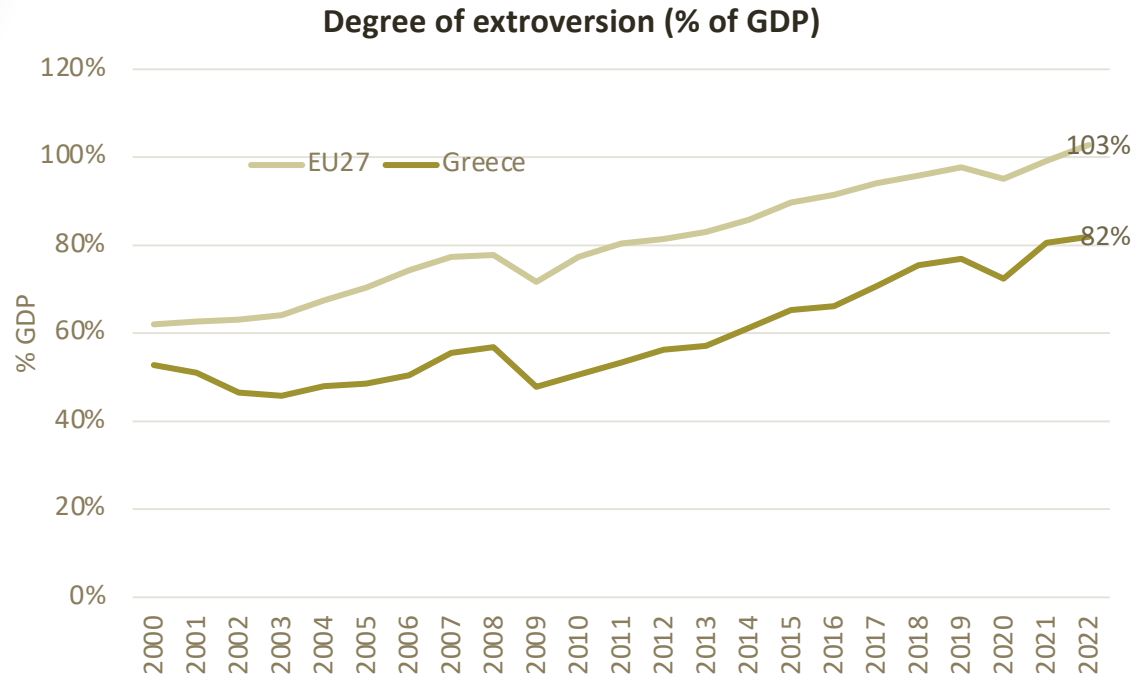
Exports of goods and trade balance



Πηγή: Eurostat

Despite the significant increase over time, goods exports underperform imports and the trade deficit remains high.

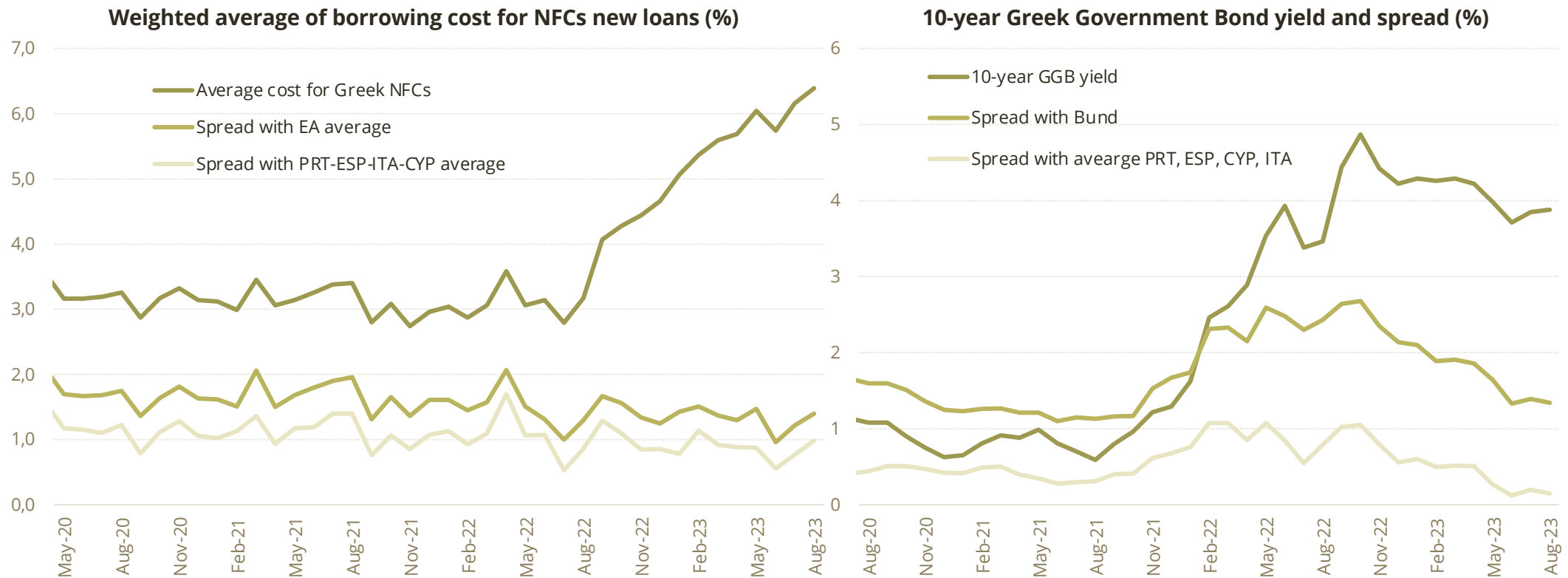
The Greek economy's extroversion reached record levels in 2022



Source: Eurostat, **Data processing:** IOBE, **Note:** The degree of extroversion is calculated as the sum of the value of exports and the value imports at constant prices.

After the Greek debt crisis of 2009, the open economy index for Greece began to gradually converge to the European average and reached a peak of **82% of GDP in 2022**. This is still inferior to EU27 average (103%).

The cost of new private funding has considerably increased during 2023, amid restrictive monetary policy...

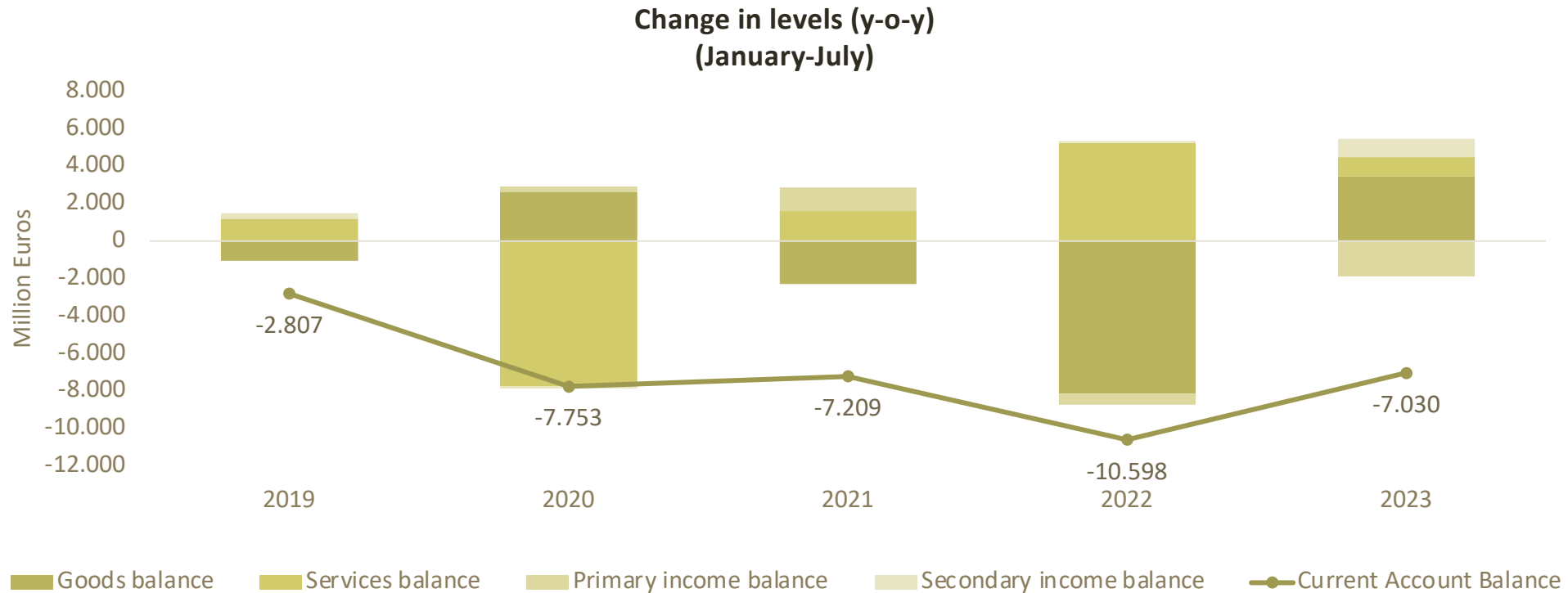


Source: ECB

...while the cost of new public financing has eased, due to narrowing spreads with EU peers, also affected by the gradual recovery of sovereign investment grade rating by international agencies.



Current account deficit has shrunk in 2023, but it remains large...

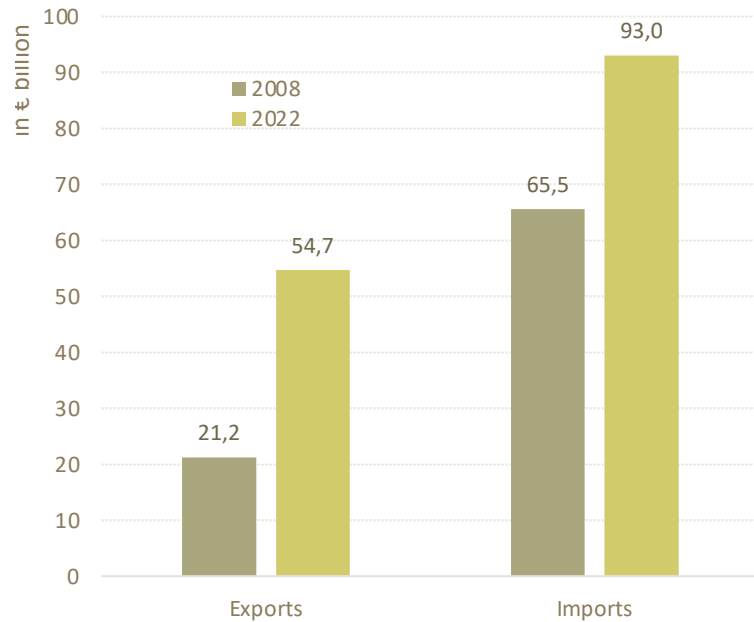


Source: Bank of Greece

... close to the levels of 2020 and 2021.

Higher concentration of trade flows, either geographical or sectoral, increases the exposure to exogenous shocks

Greece: Total value of trade of goods, current prices



Degree of concentration for trade of goods, in Greece and the Euro Area, 2008 and 2022



Sources: ELSTAT, KEEM, Eurostat, Data processing: IOBE. Note: The degree of concentration is calculated as the sum of shares of the top three 1-digit product categories (SITC), in terms of nominal value, over the total nominal value of exports (imports) of goods.

- The degree of concentration of Greek trade flows has increased in specific product (broad, 1-digit) categories after the crisis, contrary to the degree of concentration of Euro Area trade flows, which has decreased during 2008-2022.
- Greek good exports record lower product concentration compared to EA average. On the contrary, Greek good imports record higher product concentration compared to EA average.

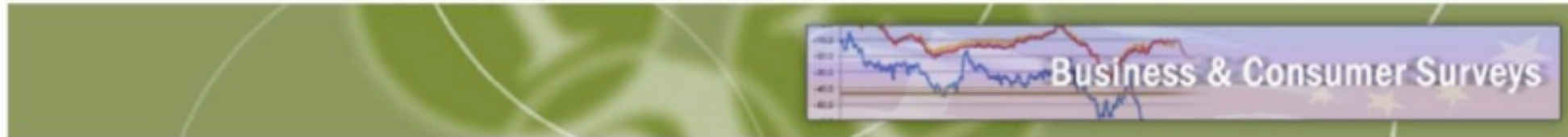
Exporting sectors

	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.

Open issues and challenges

- Geopolitical trends and trade
- Accumulation of crisis and risks
- Green transition
- Institutions and free societies



About I.O.B.E.



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](#)



Bulletin of Trends in the Greek Industry Sector(January 2023)

Monthly bulletin of trends in the Greek industry sector...
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Compensation cost indicators of long-term hospital insurance programmes for 2021

The scope of this study is to estimate indicators for monitoring the compensation cost of personal hospital insurance programmes. These indicators exclusively concern guaranteed renewable programmes. They measure the annual percentage changes of the average expenditure of the health insurance market as a whole. The study is

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Business and Consumer Surveys

Next report of Business and Consumer Surveys concerning January results, will be released on February 1, 2023.

