



ΙΔΡΥΜΑ ΟΙΚΟΝΟΜΙΚΩΝ &
ΒΙΟΜΗΧΑΝΙΚΩΝ ΕΡΕΥΝΩΝ

On the Competitiveness and Openness of the Greek Economy

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“Globalisation and democratic resilience: Greece and Europe in a changing global order”

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Greek exports

	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

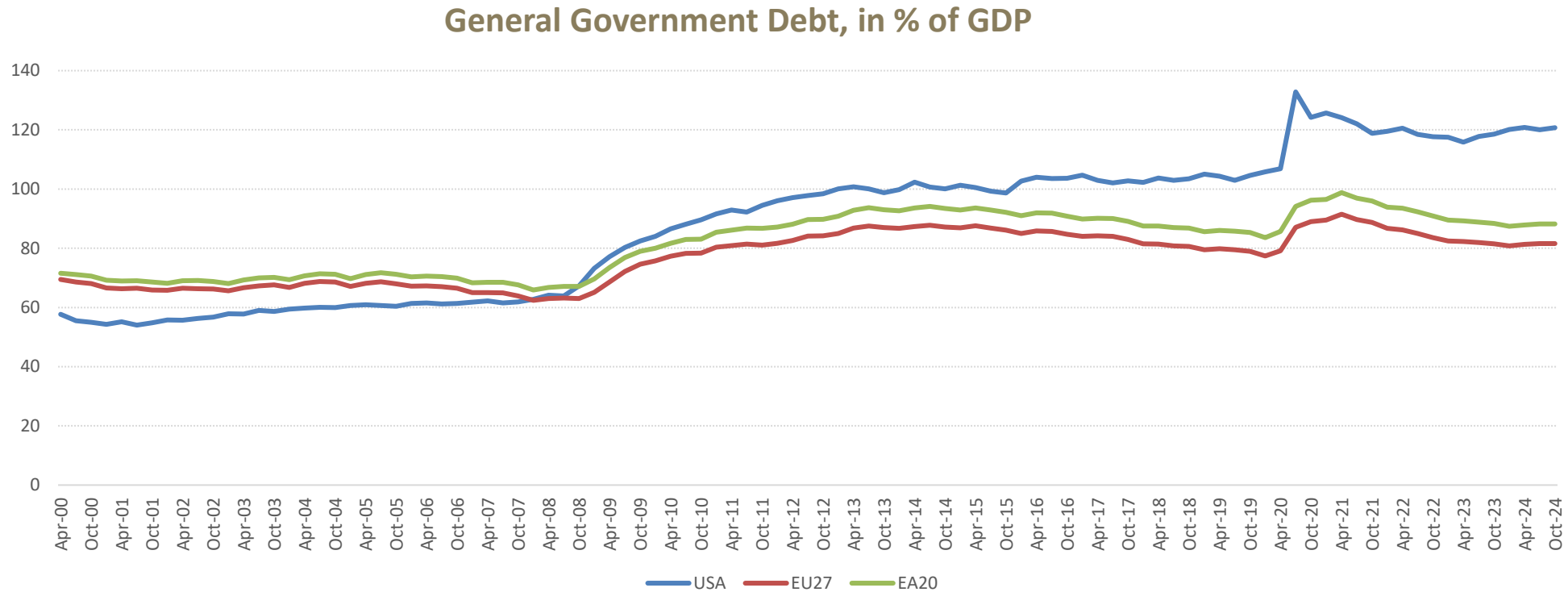
EU-9: EU countries comparable in terms of population to Greece: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Hungary, Netherlands, Sweden.

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

Source: 'Pissarides Report', 2021

GLOBAL SENTIMENT AND MACROECONOMIC TRENDS

Public debt in advanced economies has risen significantly...

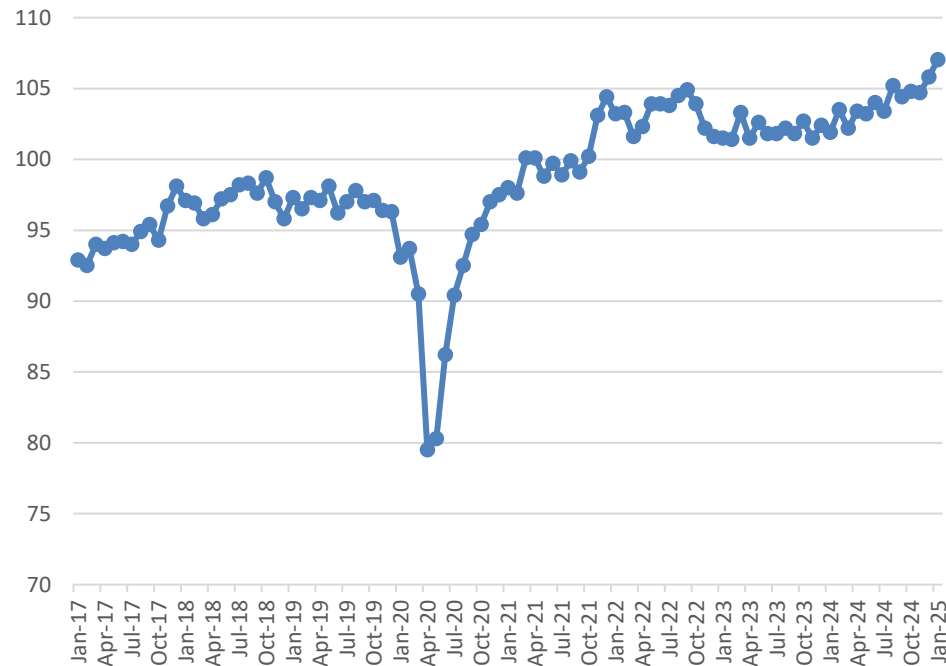


Source: FED St.Louis, Eurostat

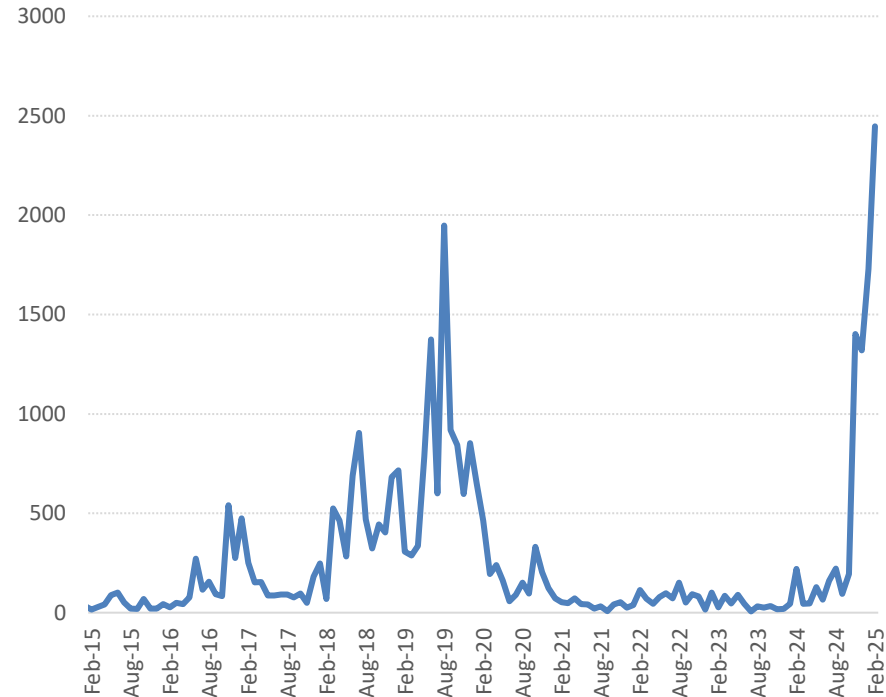
...following the Global Financial Crisis and the subsequent abundant fiscal and monetary stimuli

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)



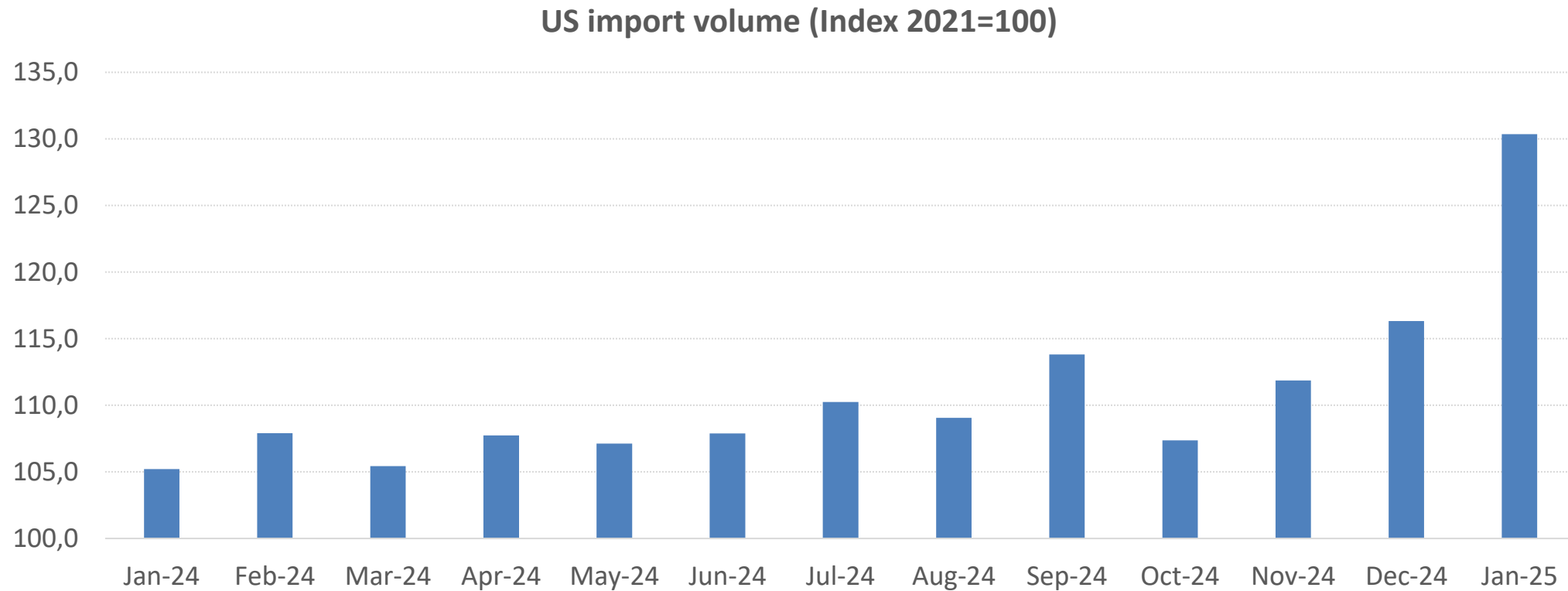
Trade policy uncertainty index



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.

US imports have accelerated rapidly in the past few months...

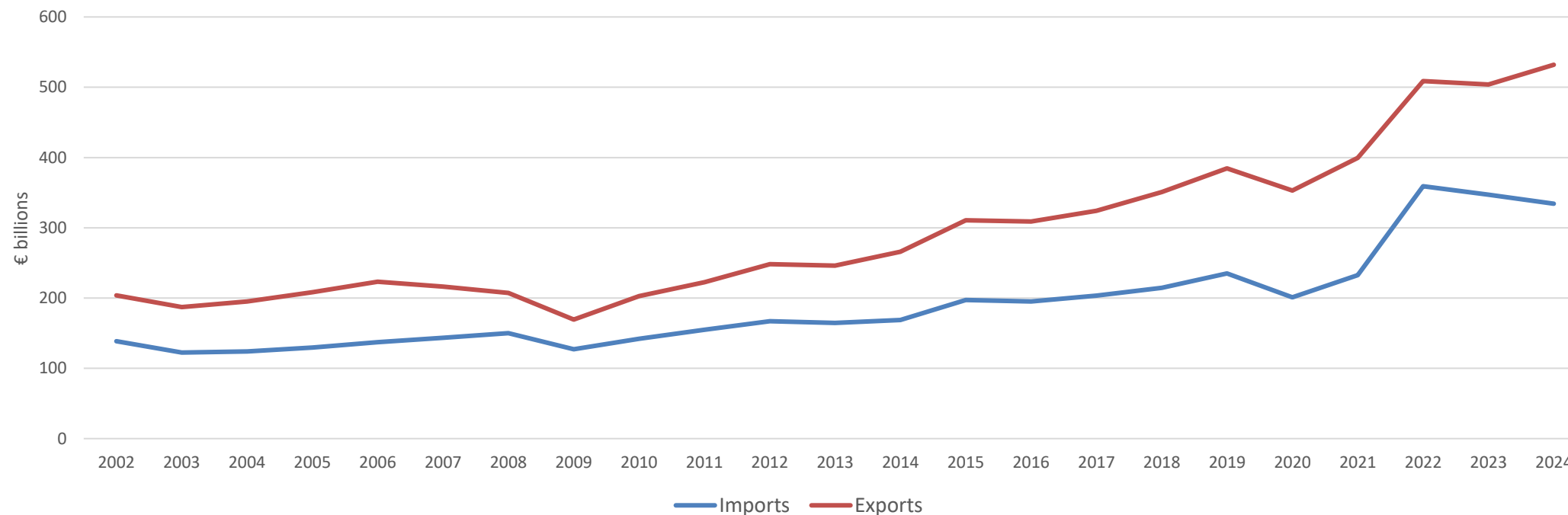


Source: CPB

...reflecting a likely stockpiling strategy of businesses ahead of anticipated tariffs on a broader range of imported goods.

Bilateral international trade flows (EU-US)

EU trade in goods with the United States, 2002-2024



Source: Eurostat

In 2024, the United States was the largest partner for EU exports of goods (20.6%) and the second largest partner for EU imports of goods (13.7%). Among EU countries, the Netherlands was the largest importer of goods from the United States and Germany was the largest exporter of goods to the United States in 2024.

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

Economic Sentiment Index



Consumer Confidence Index



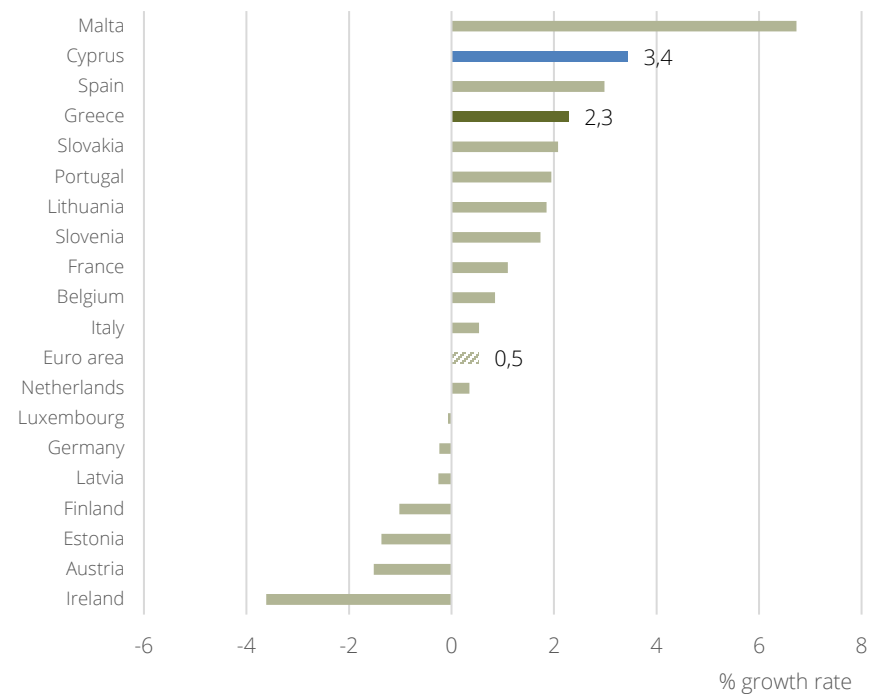
Sources: European Commission, IOBE

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

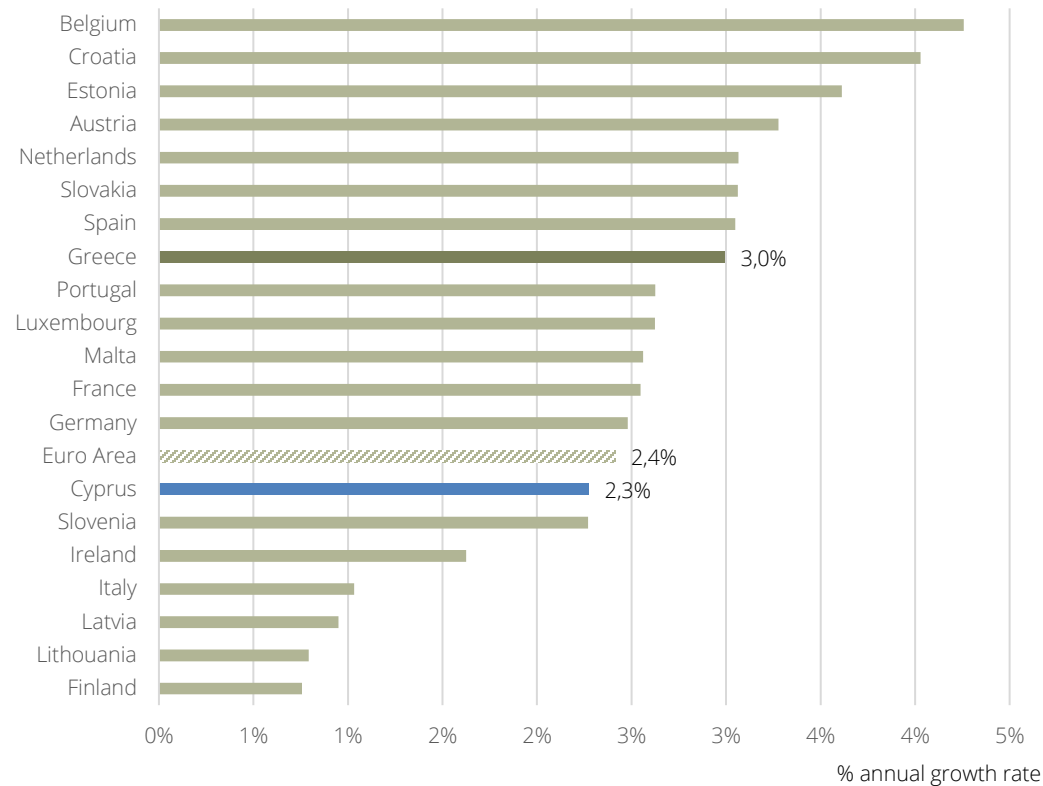
GREECE: STRONG RECOVERY

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

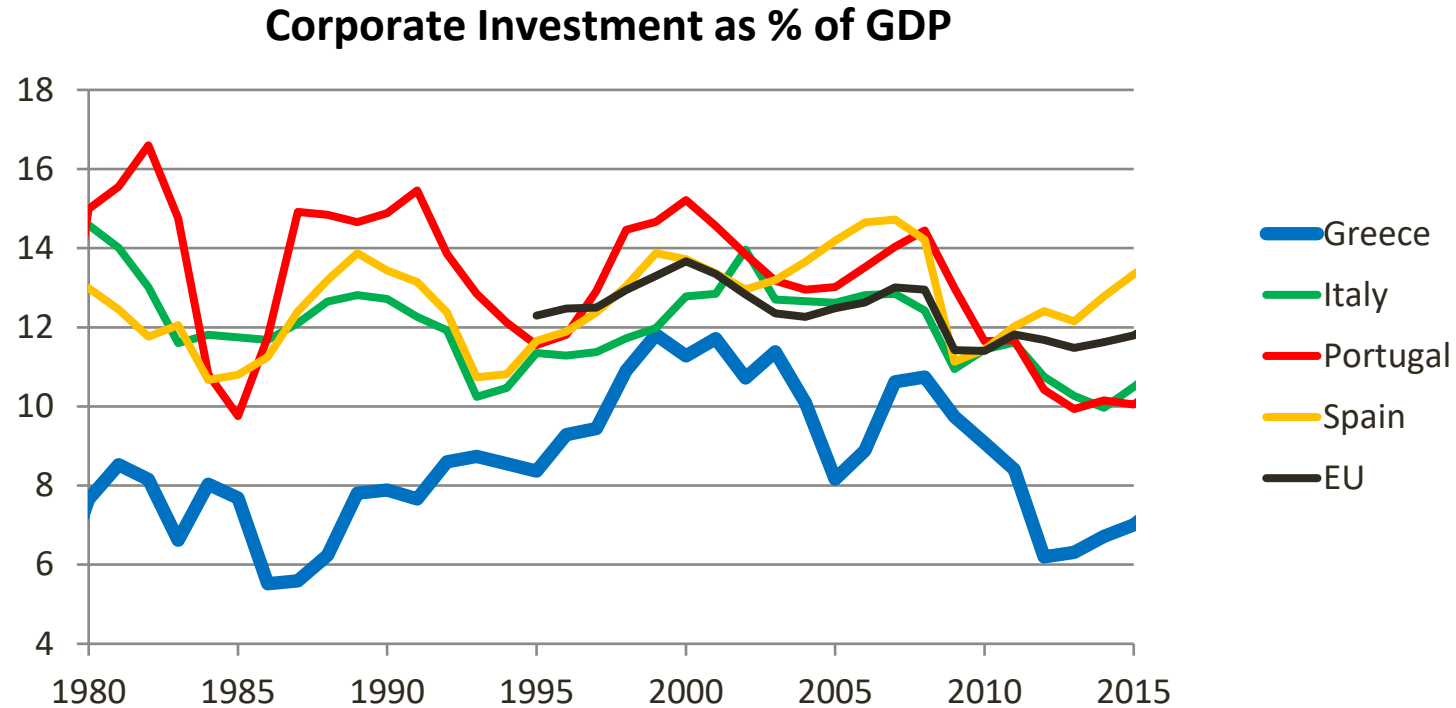


(*) Growth rate of annualized GDP (moving average of 4 quarters, until 3rd quarter 2024)

Source: Eurostat

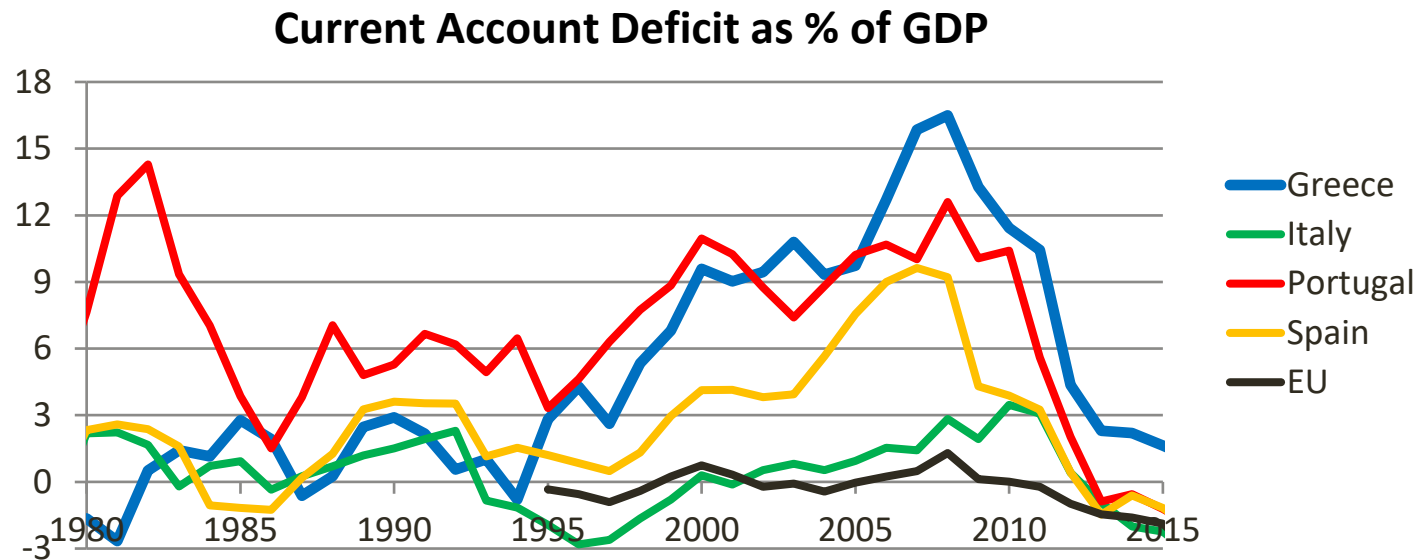
THE GREEK CRISIS – EX POST...

Corporate investment



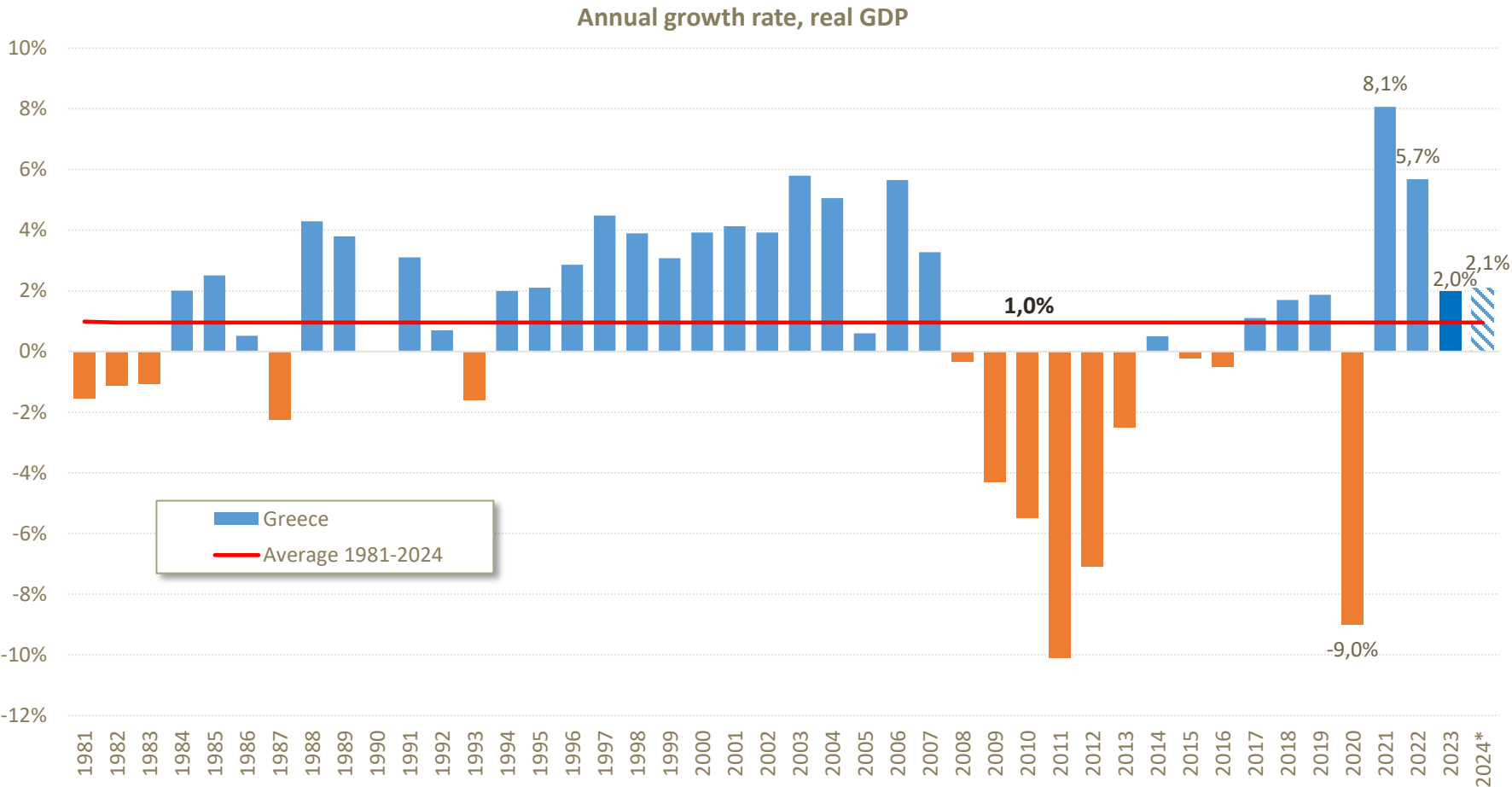
- Corporate investment in Greece has been relatively low.
 - But total investment (incl. housing) is comparable to EU average!
- It rose significantly in the run-up to Euro entry, but dropped again during the crisis.

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.

Long term growth dynamics and prospects



Sources: Eurostat

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

TRENDS IN THE GREEK ECONOMY

The Greek economy has become more extrovert...



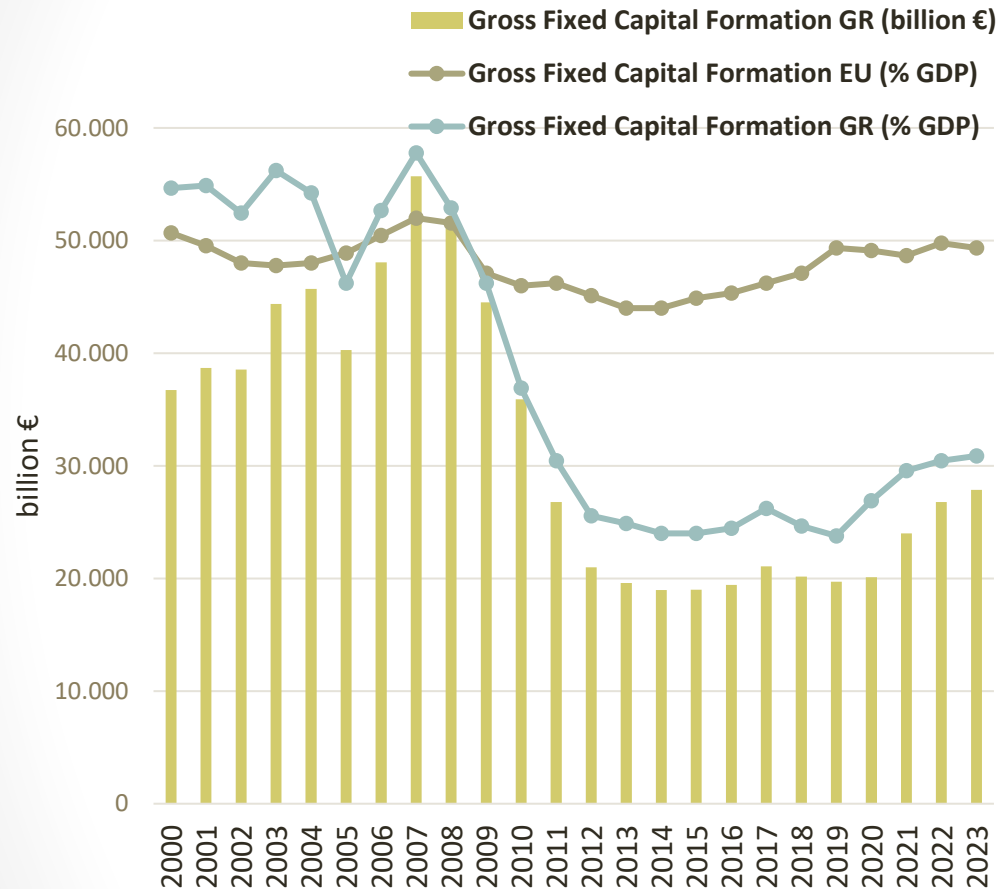
Source: Eurostat, Data Processing: IOBE

Extroversion of the economy (Exports + Imports) / GDP

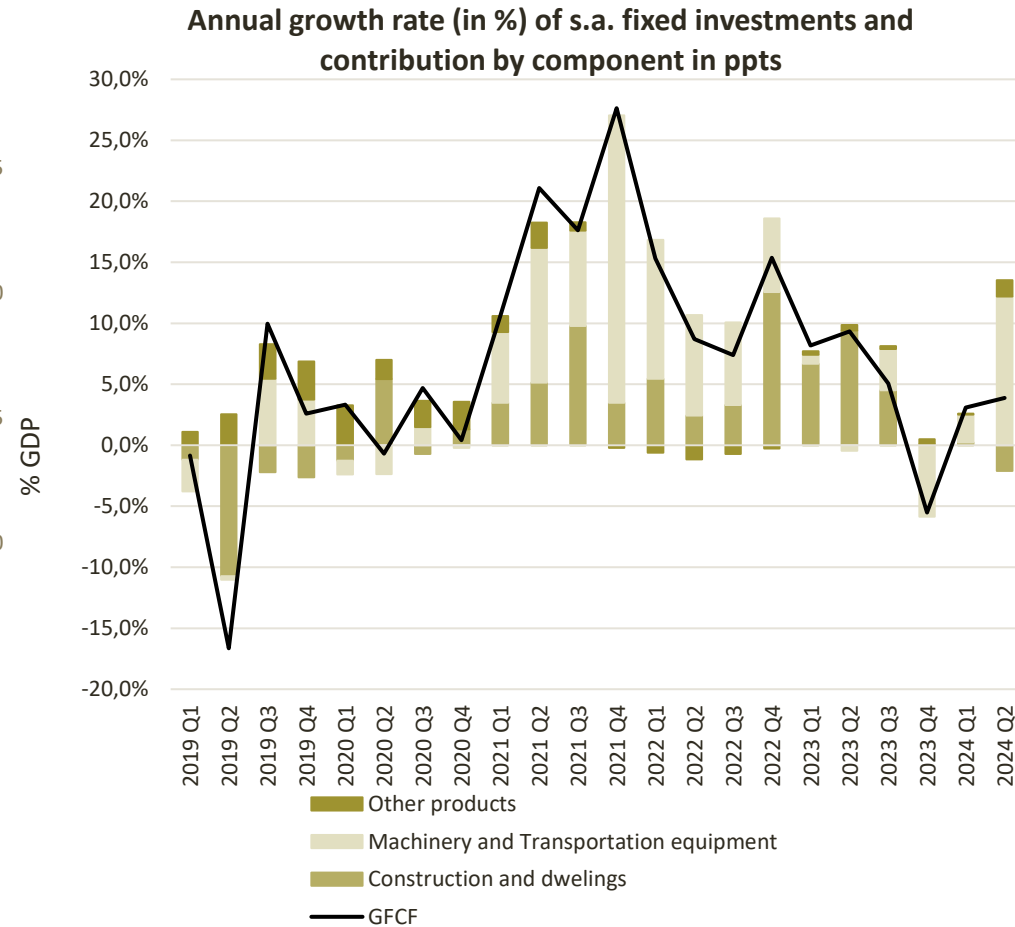


...due to boosting exports and imports, albeit the trade deficit has widened

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

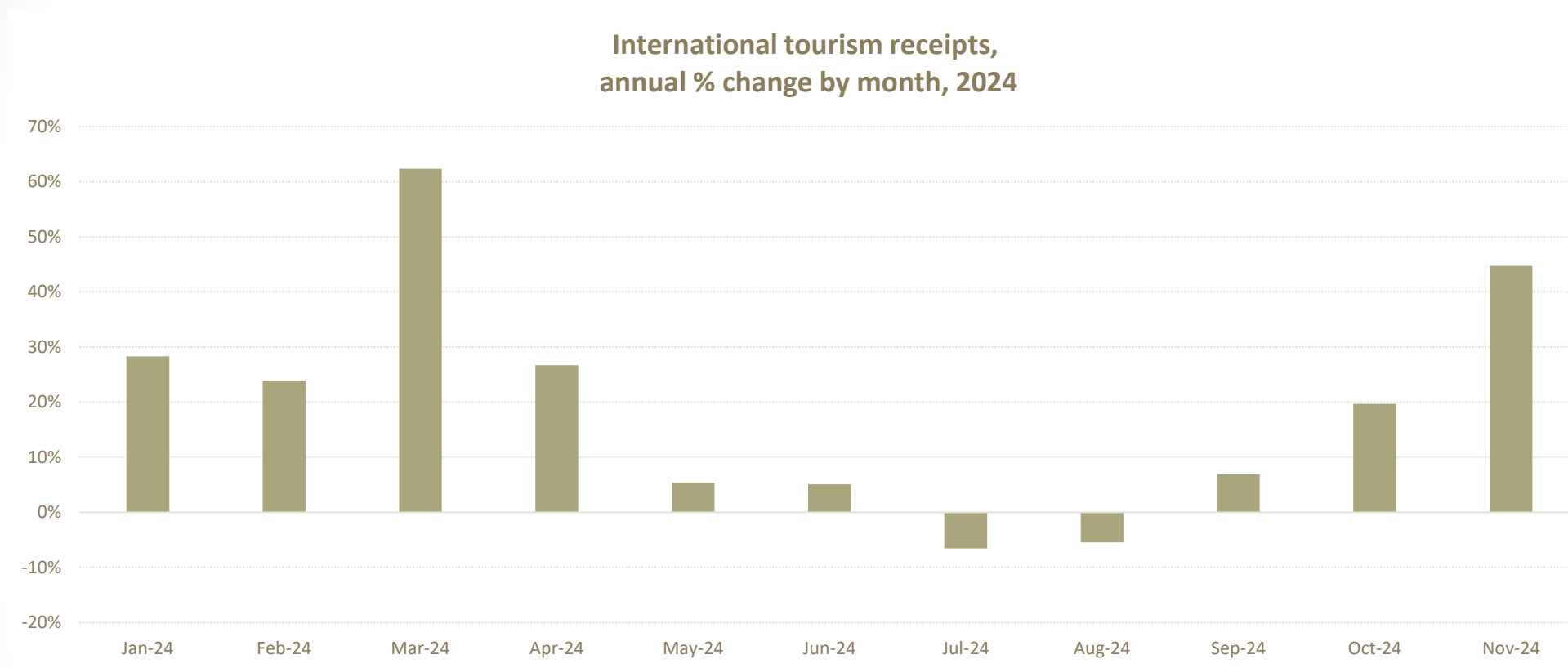


Source: Eurostat, Data Processing: IOBE



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

Tourism gained further momentum in 2024

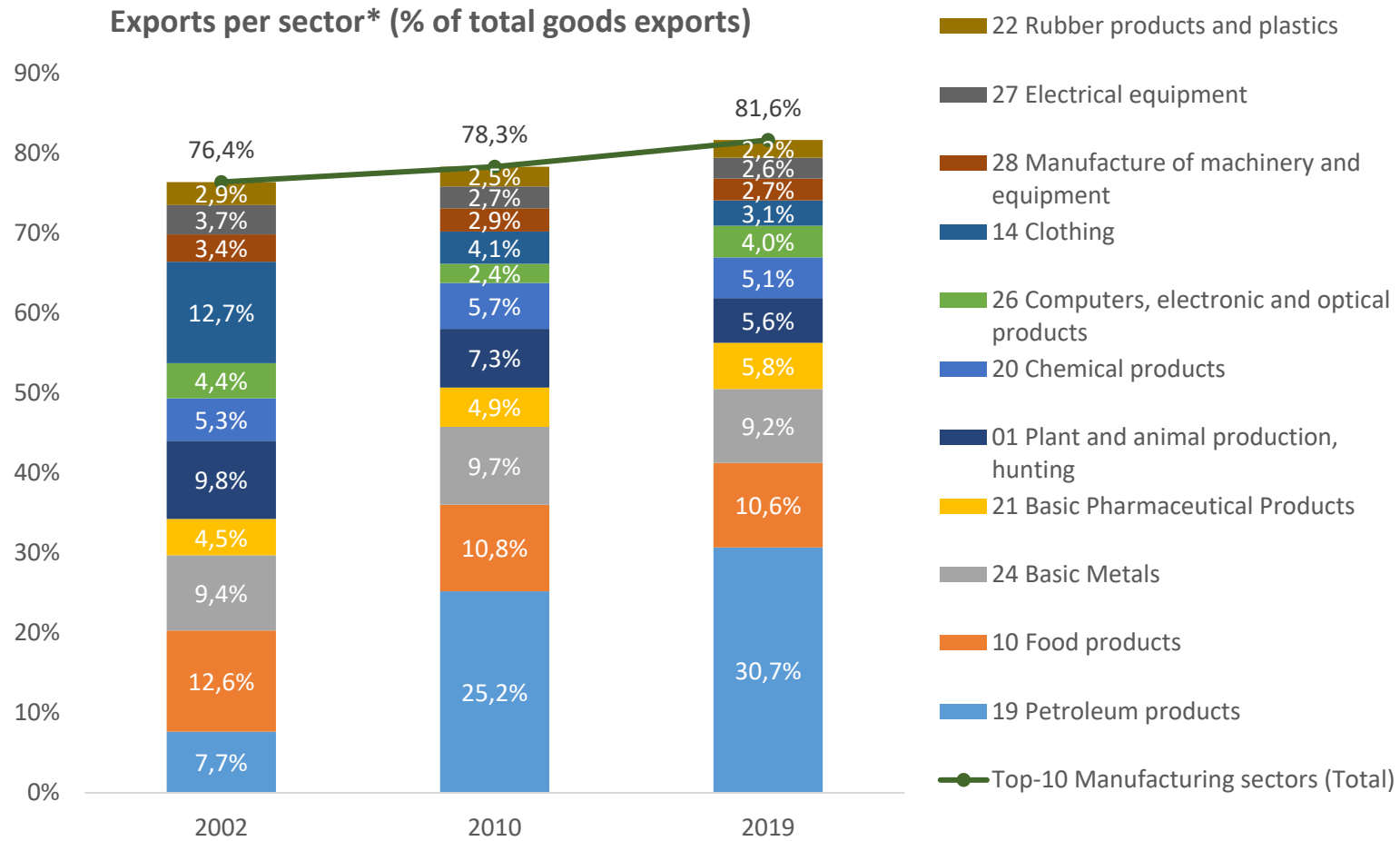


Source: Bank of Greece

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

LOOKING AHEAD

Greek exports of goods



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

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

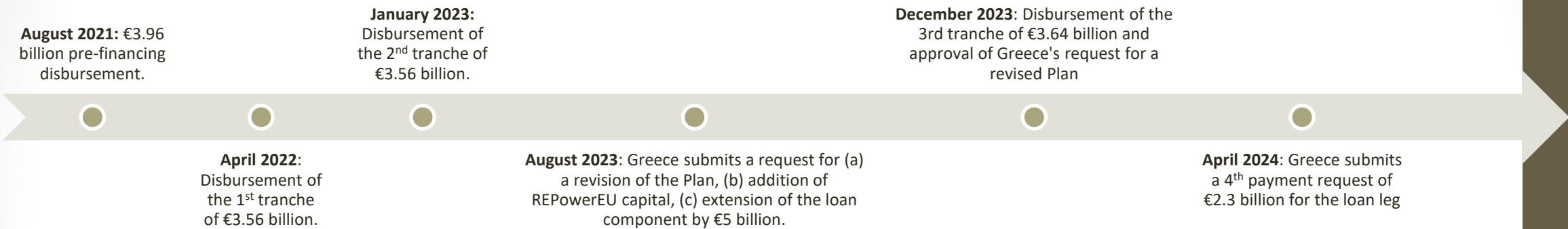
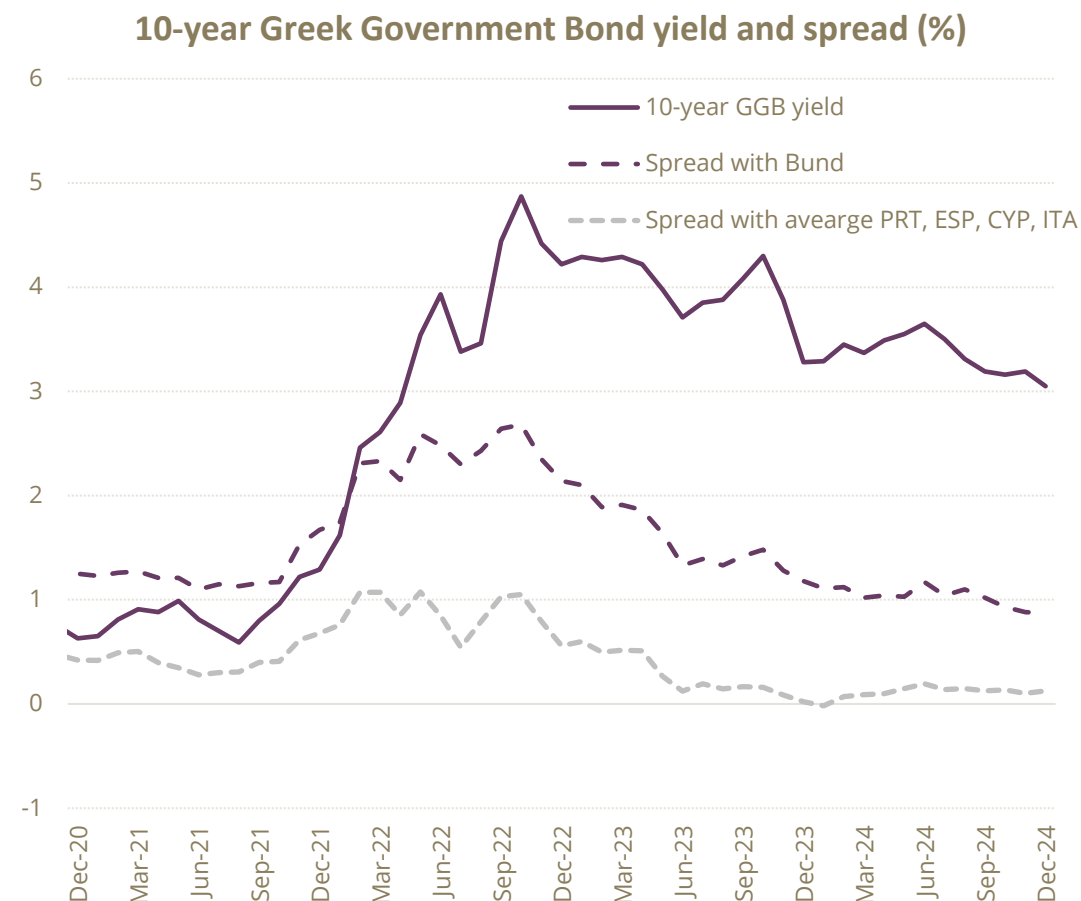
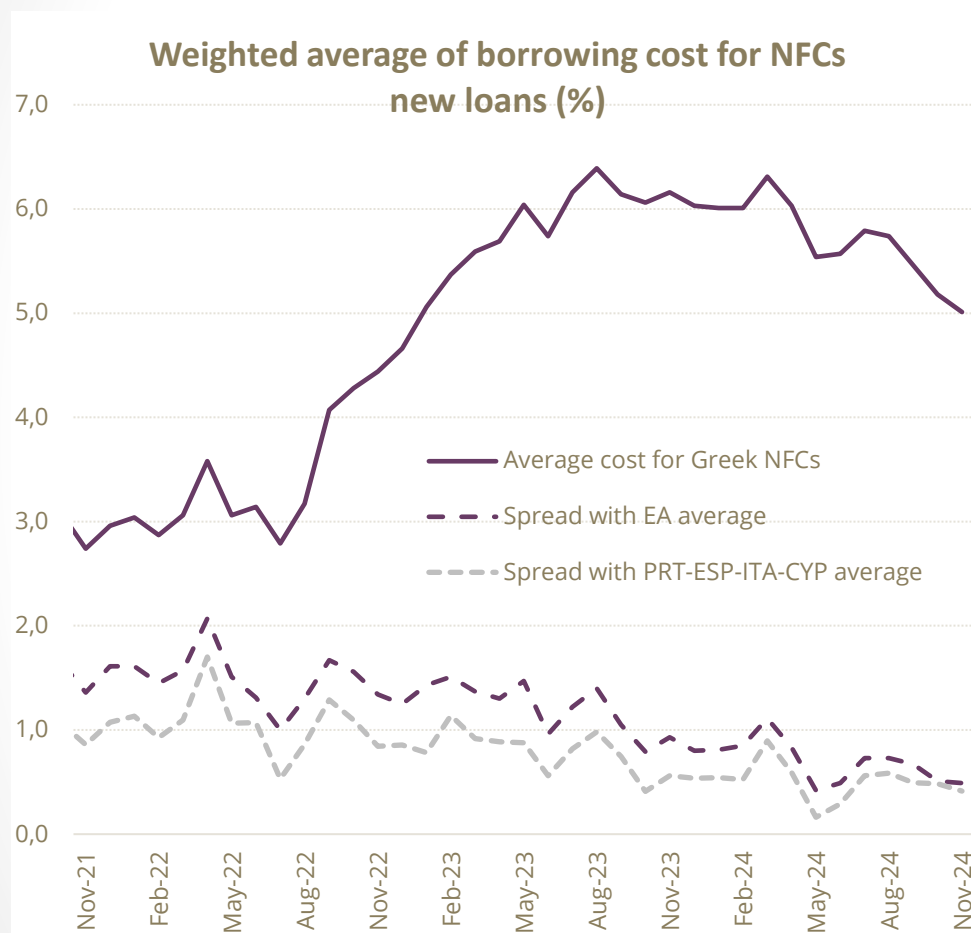


Table. Allocation of funds of the revised Recovery and Resilience Plan for Greece, April 2024

	€ 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%

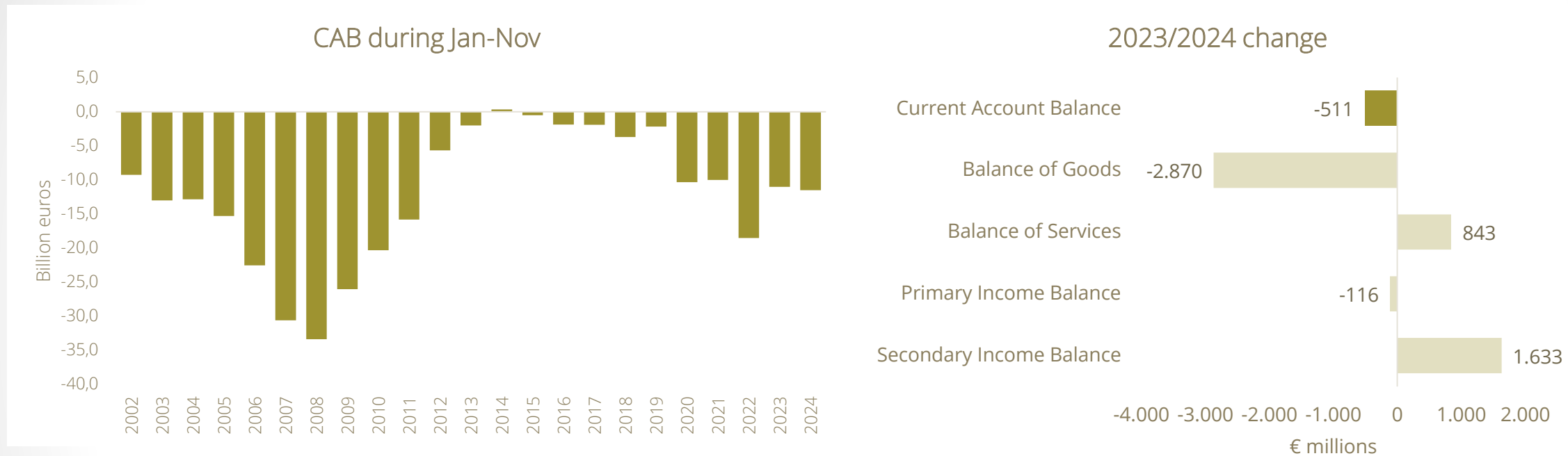
Source: European Commission, Data processing: IOBE

The 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

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.

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 potential.
- Still a relatively closed economy, favoring insiders and with weak competitiveness.
- 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.

Growth 'plan'

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

