

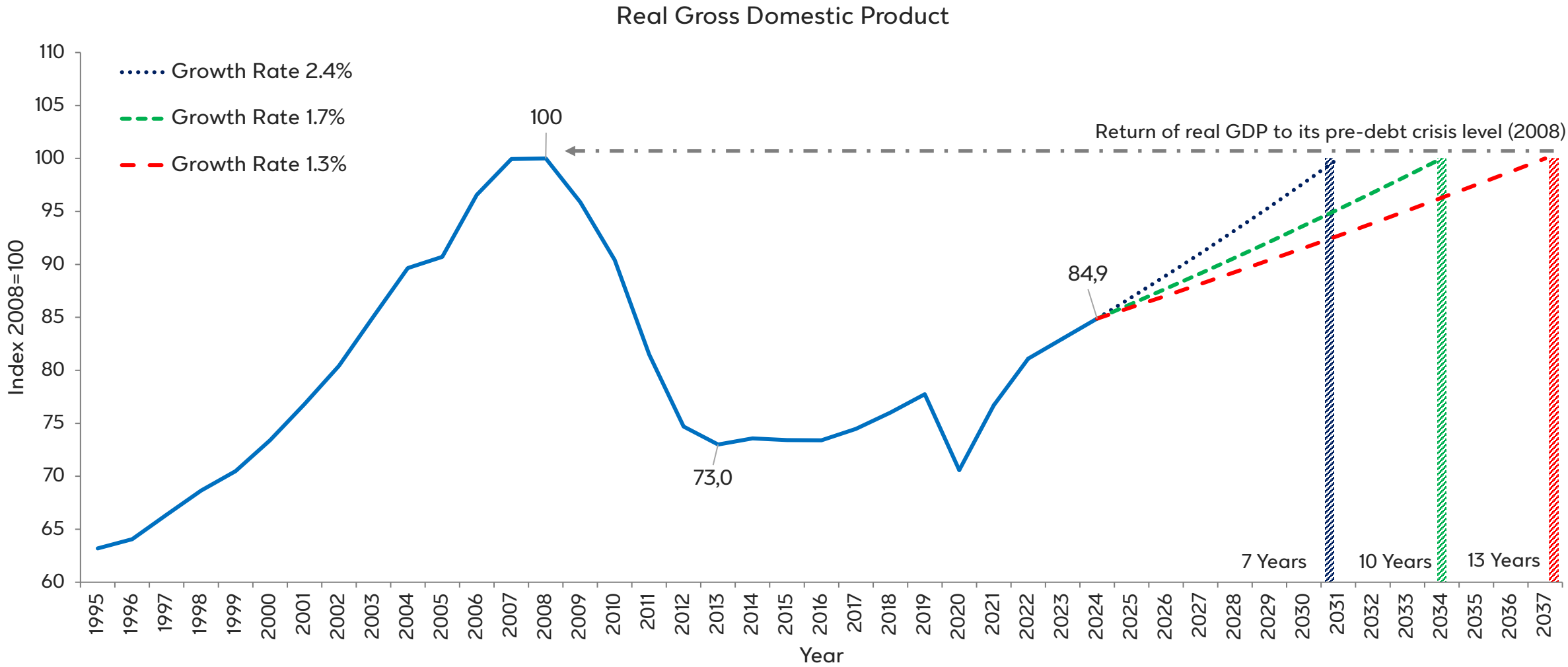
Greek economy: Searching for Growth Drivers

LSE-Hellenic Observatory Online Public Event, 29 April 2025

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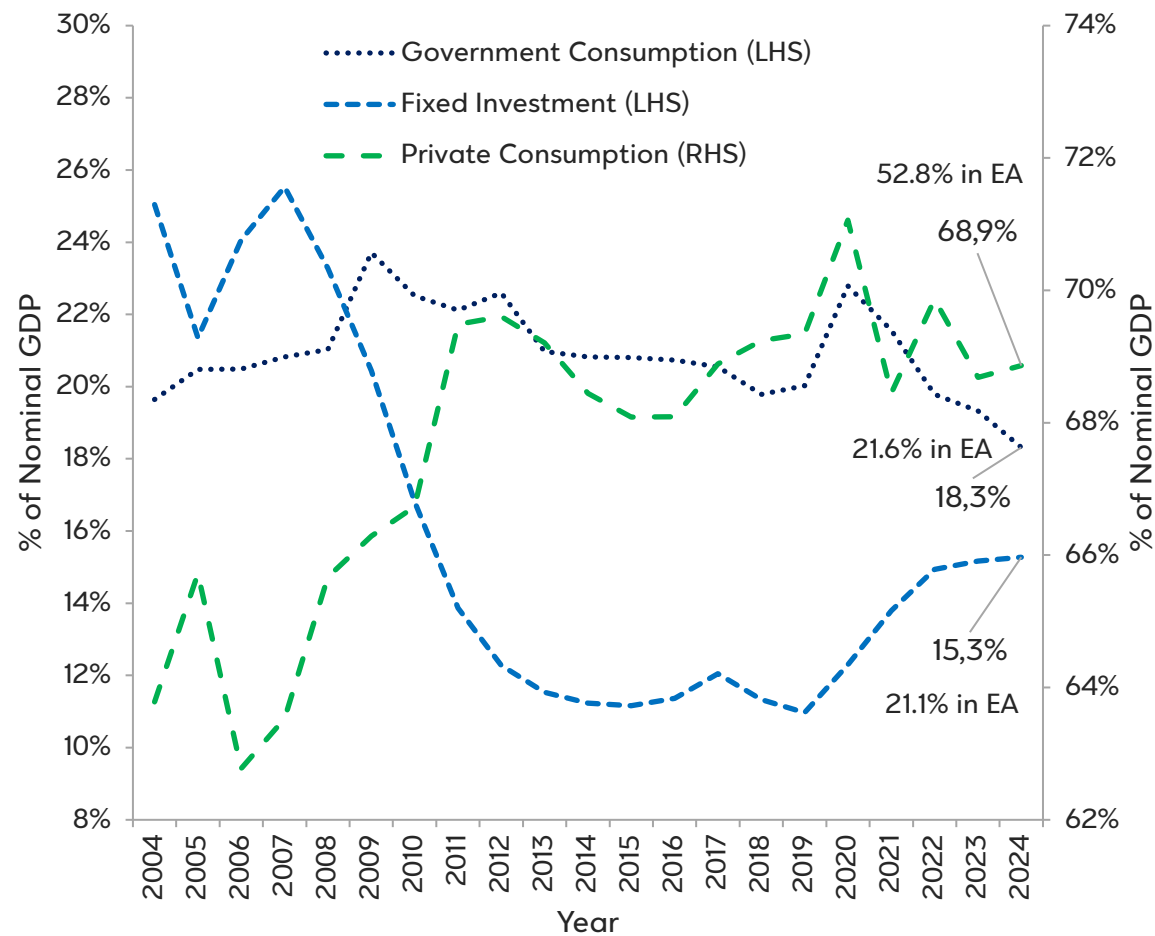
IV. GR – Greece has regained the 44.0% of its real GDP losses during the debt crisis; high growth rates above potential are required to return to its pre-debt crisis peak in less than a decade



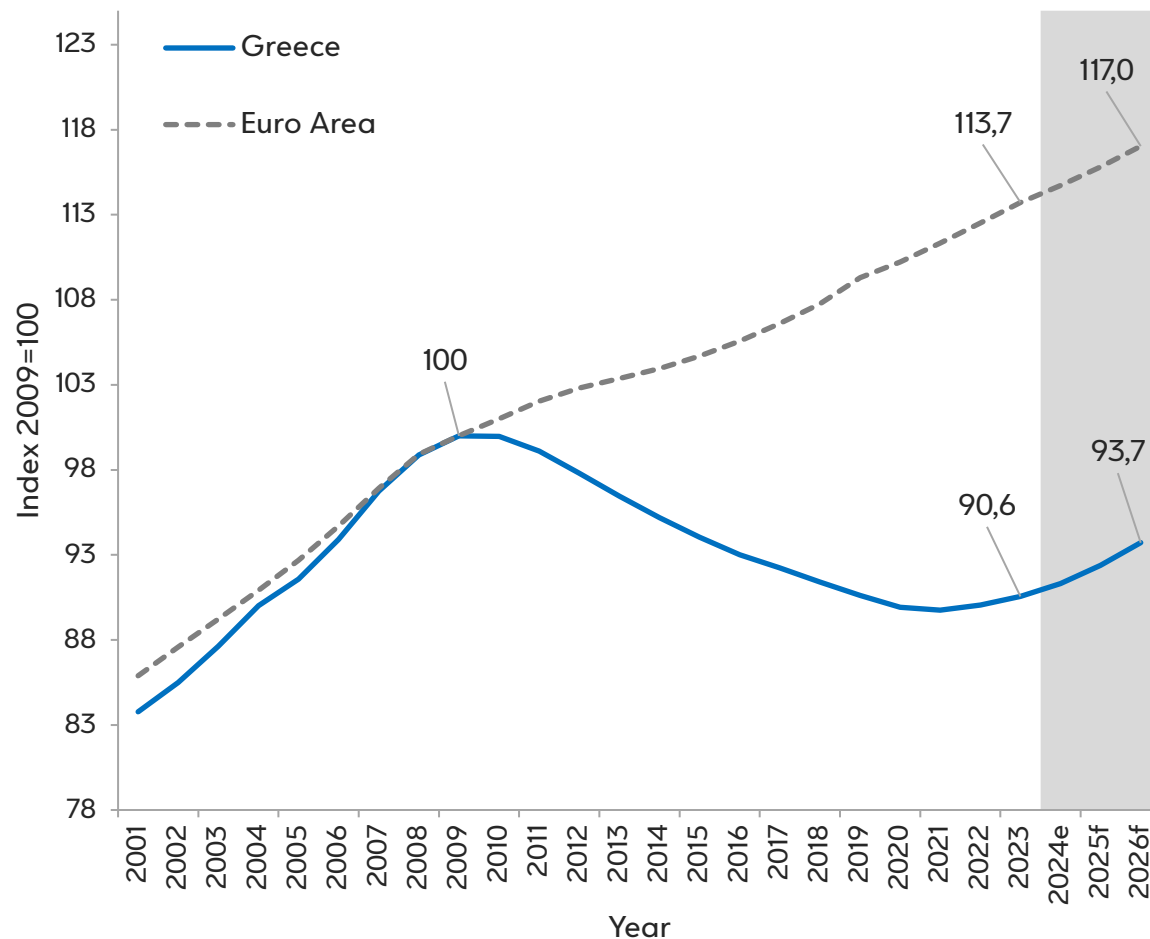
Source: ELSTAT, Eurobank Research

IV. Greece – Longer-term structural challenges: transformation of the growth model still work-in-progress: high share of consumption on GDP, low saving

Domestic Demand Components

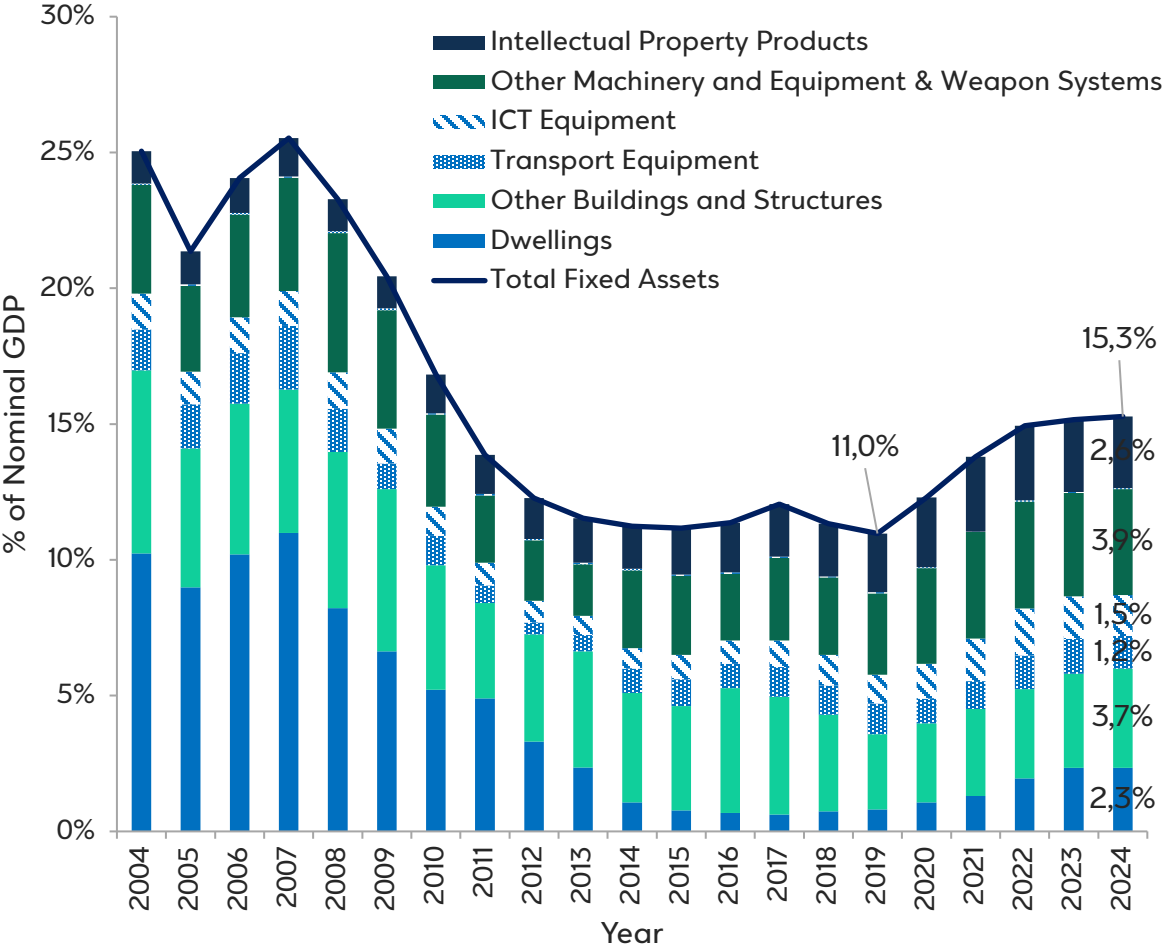


Real Fixed Capital Stock

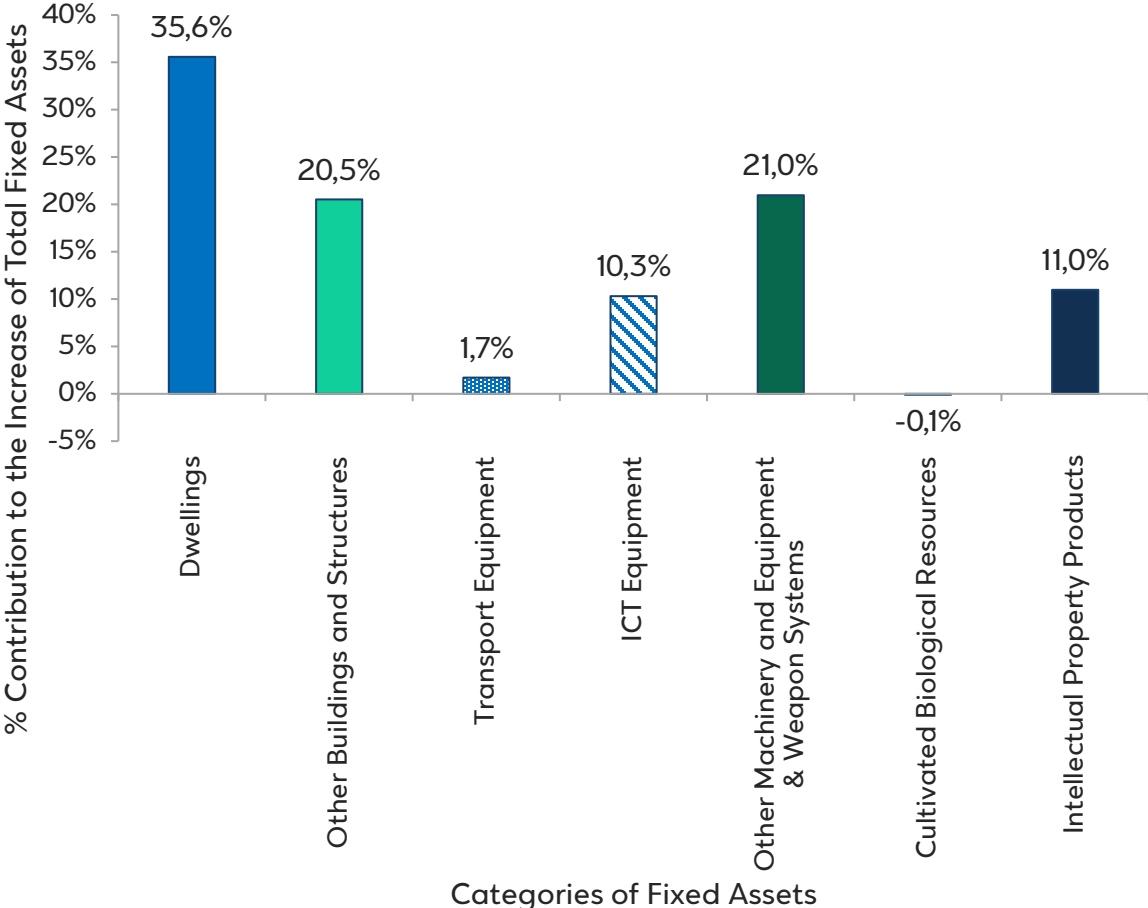


IV. GR – Fixed investment increases in size and improves in composition since 2019, yet still inadequate for building back the capital stock

Gross Fixed Capital Formation

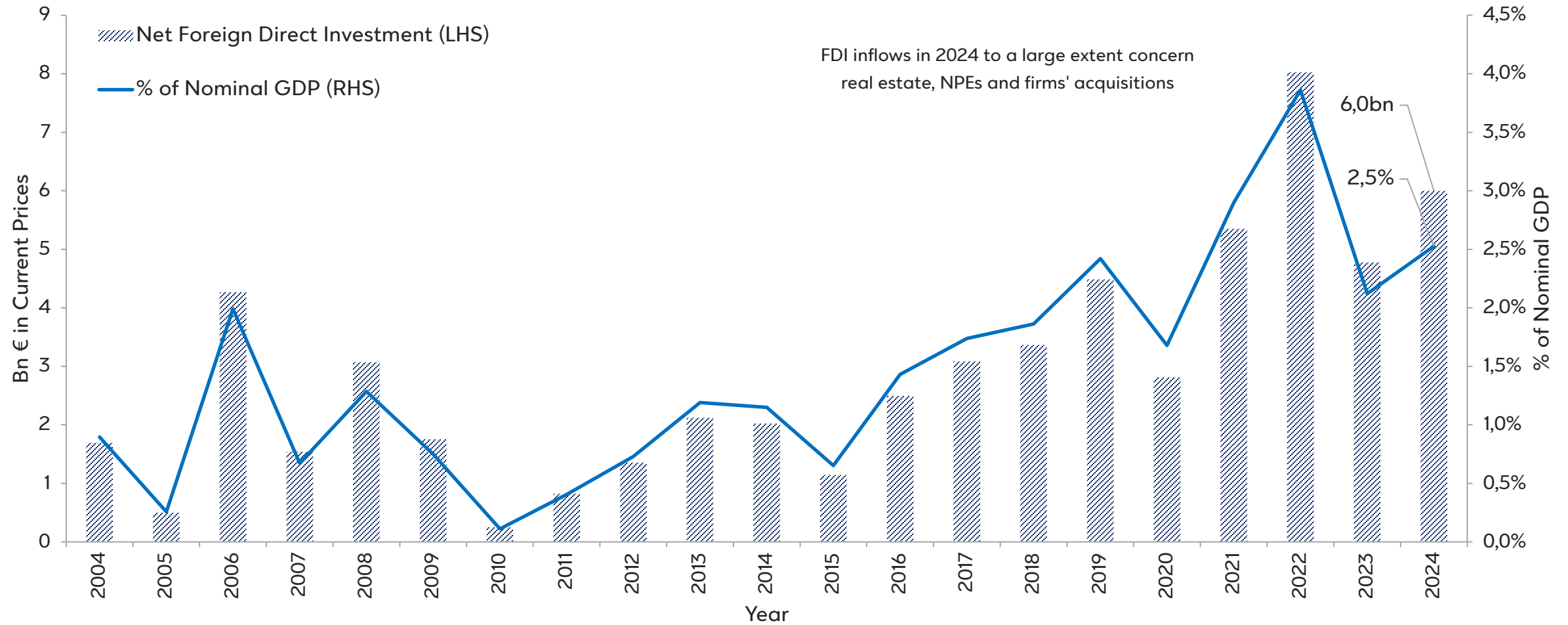


Contribution to the Increase of Total Fixed Assets 2020-2024

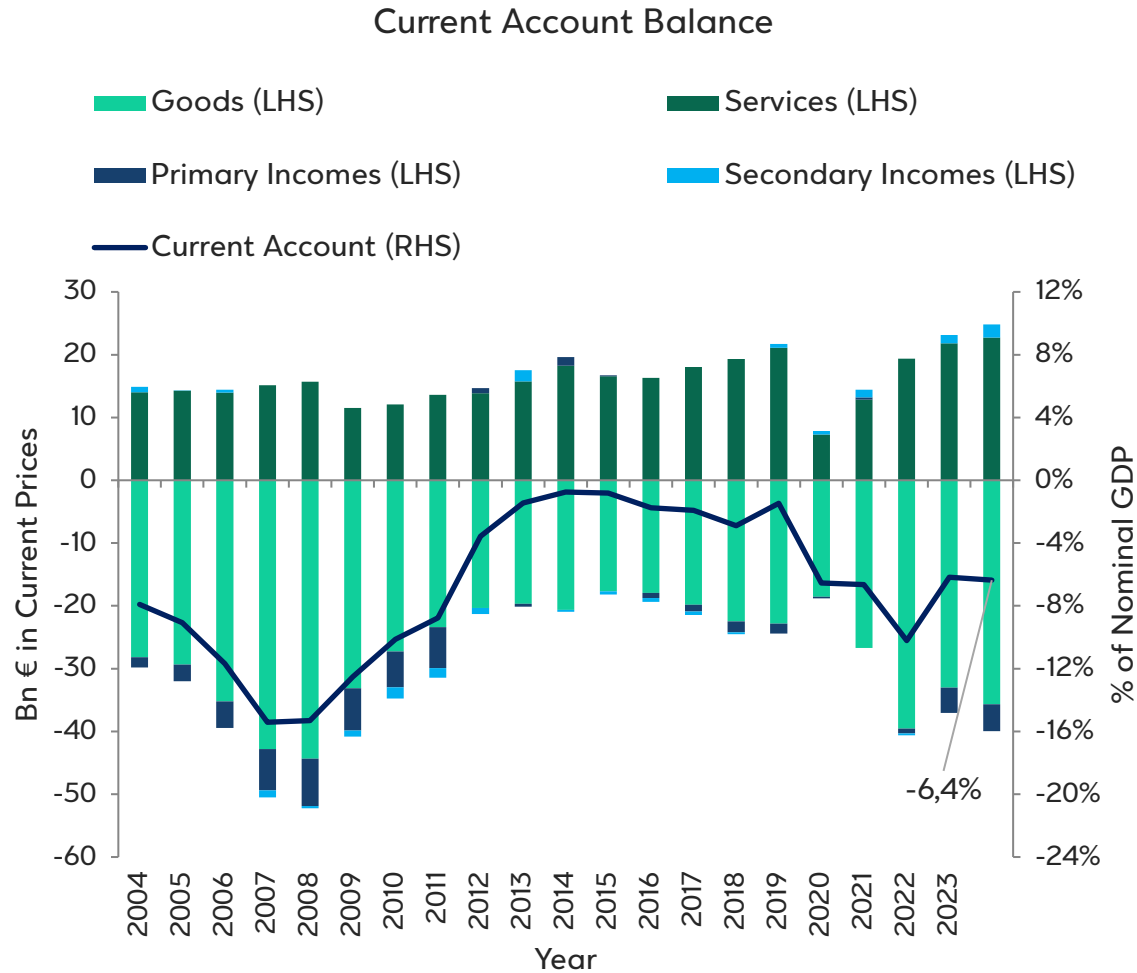


Source: ELSTAT, Eurostat, Eurobank Research

Net Foreign Direct Investment



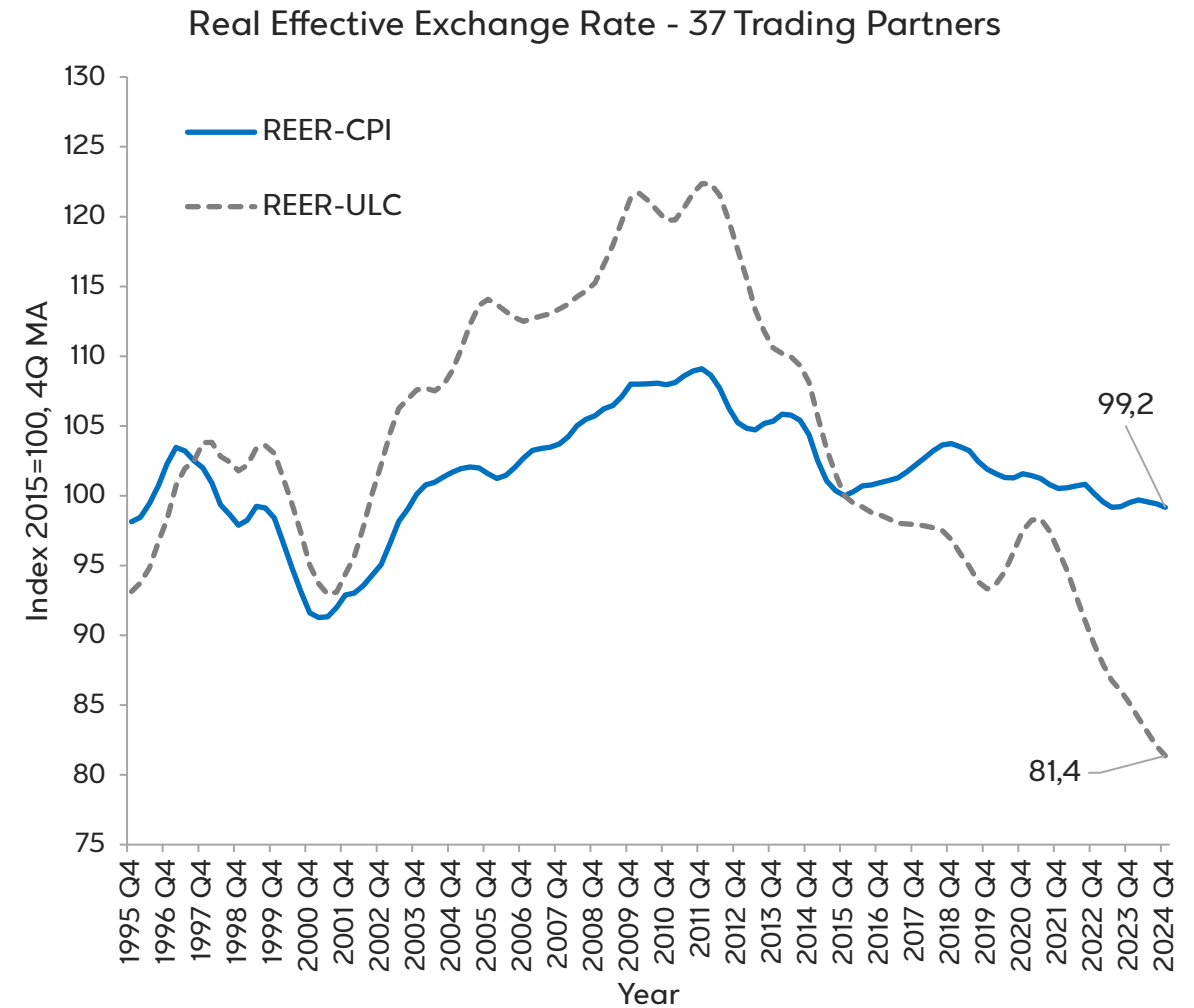
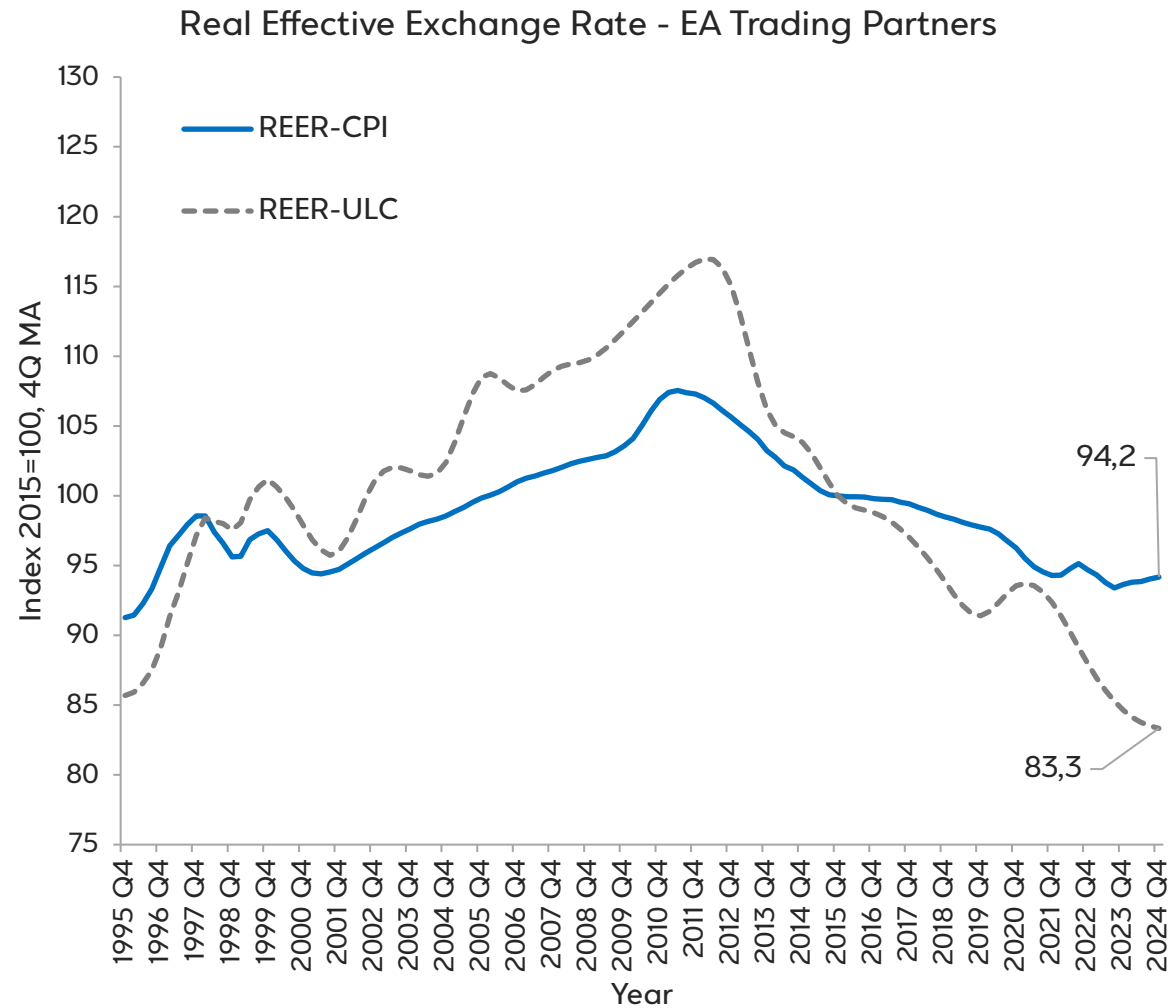
V. GR – External sector: strong import growth and weak exports of goods lead to persistence in the current account deficit



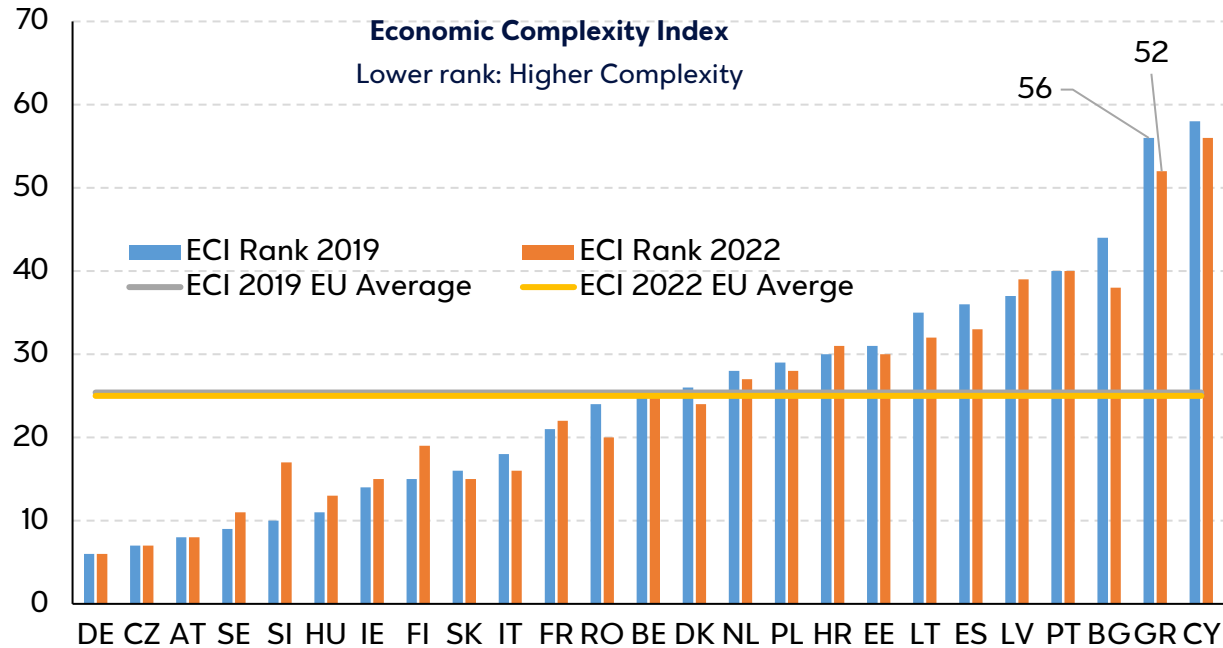
January-December	2023		2024	
Balance	bn € (current prices)			
CA Balance	-13.9		-15.1	
X: exports, M: imports	X	M	X	M
Goods	50.0	83.1	48.6	84.3
Services	49.0	27.2	51.6	28.8
<i>Tourist</i>	<u>20.6</u>	<u>2.4</u>	<u>21.7</u>	<u>2.8</u>
Primary Inc.	10.1	14.1	11.1	15.4
Secondary Inc.	5.5	4.2	6.8	4.7

- Current account deficit (CAD): 6.4% of GDP in 2024, from 6.2% in 2023 (pre-pandemic level at 1.5%)
- Goods and secondary income deficits of 15.0% and 1.8% of GDP respectively; services and primary income surpluses of 9.6% and 0.9% of GDP respectively
- According to the Bank of Greece, CAD is expected at 6.0%, 5.2% and 5.2% of GDP in 2025, 2026 and 2027 respectively

IV. Price competitiveness losses of the 2000s have been regained, more in REER-ULC and less in REER-CPI terms; prices deterioration in recent quarters



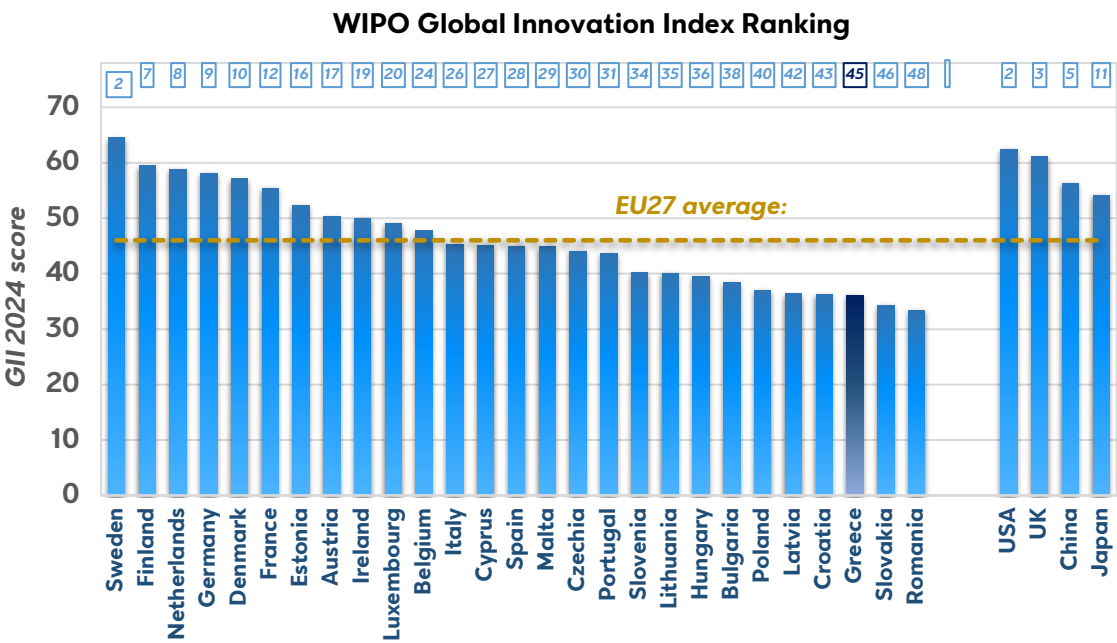
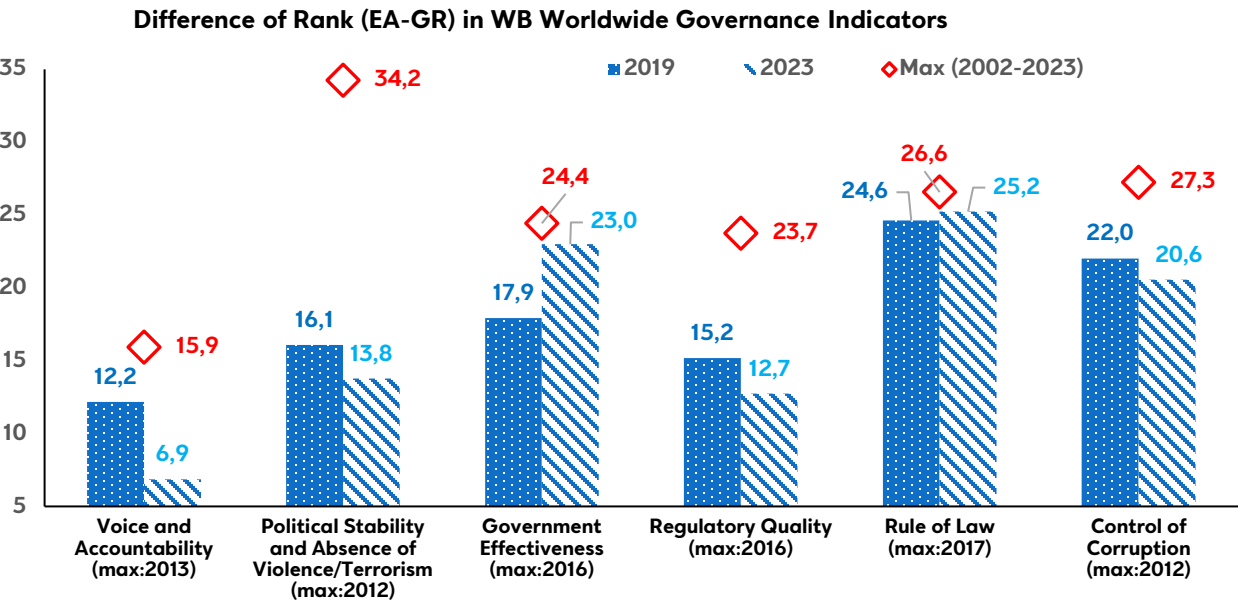
IV. Low sophistication of production an impediment to growth; the complex regulatory environment an obstacle to investment -further progress in structural reform necessary

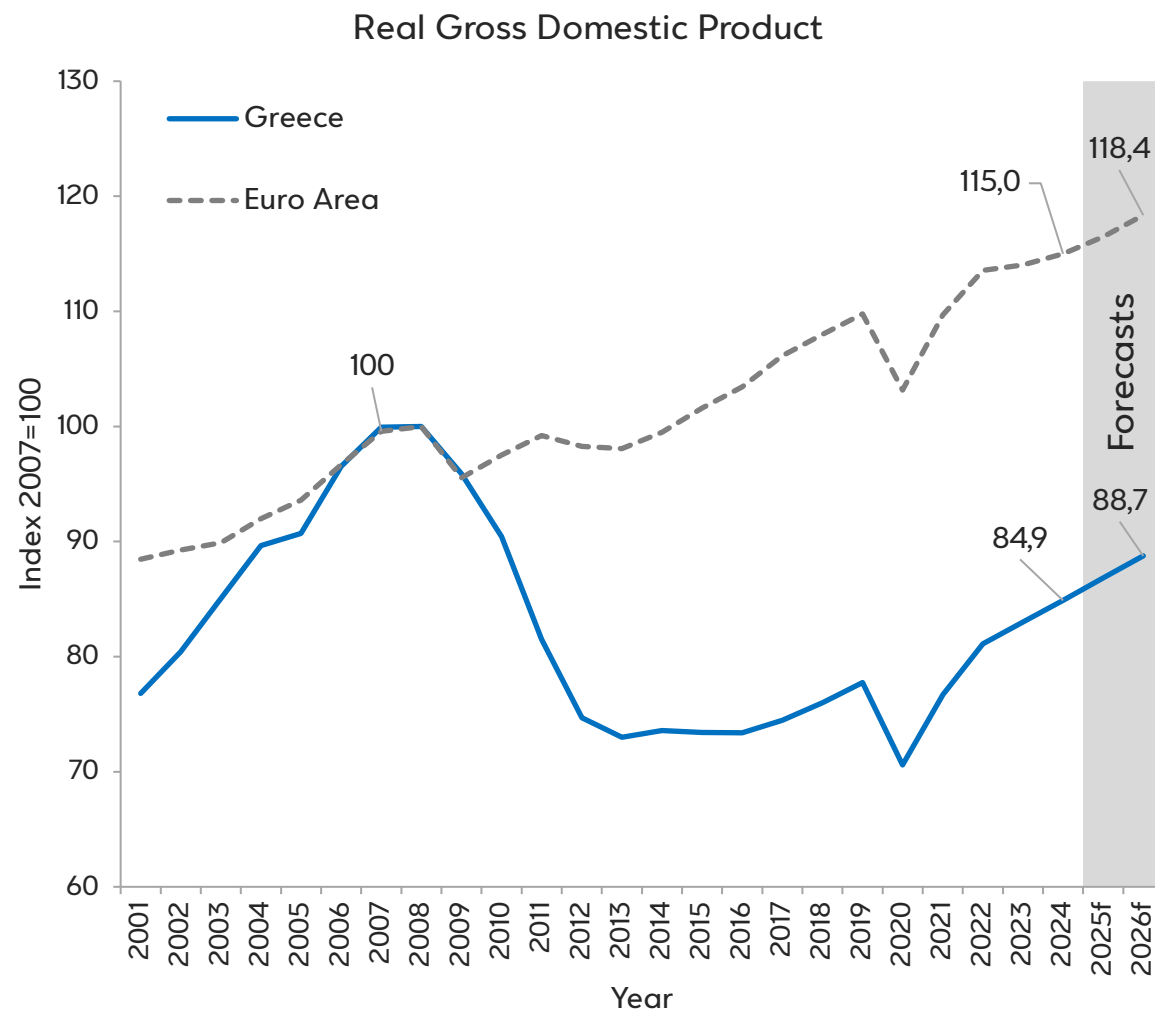


- **Economic Complexity Index:** Greece is least tech-advanced (least complex) product mix in the EU
- **TMF Global Business Complexity Index (GBCI):** Greece 1st globally across 79 jurisdictions on regulatory & tax frameworks burden

IV. GR – Improvement in Quality competitiveness but still below EA average

... Innovation improved but still weak; lack of clusters





Source: AMECO, EC's Autumn Forecasts (Nov-24), Eurobank Research

Tourism*: successive records in arrivals and revenue, yet in seek of a higher quality and more sustainable model

Transportation, ICT and Logistics*: positive externalities to other important sectors of the economy, e.g. manufacturing

Energy*: green transition, renewables, market reform post Ukraine

Manufacturing*: a tradable sector, gains from supply chain reorganization, digitization; increased export activity

Waste management*: large projects to catch up to the EU

Agriculture*: branded products, adjustment to climate change

Public Infrastructure*: positive externalities to private investment

Shipping*: development of long-delayed shipping-services hub

* Anastasatos T. and Karavias F. (2018), "Energy, Logistics, Tourism: Sectoral Prospects, Incipient Investment Projects and Contribution to GDP", Economy & Markets

* Anastasatos T. and Karavias F. (2022), "The Emerging Growth Model of the Greek Economy: 5 Key Pillars, Major Investment Projects and their Contribution to GDP", Economy & Markets

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