

Searching for Growth Drivers

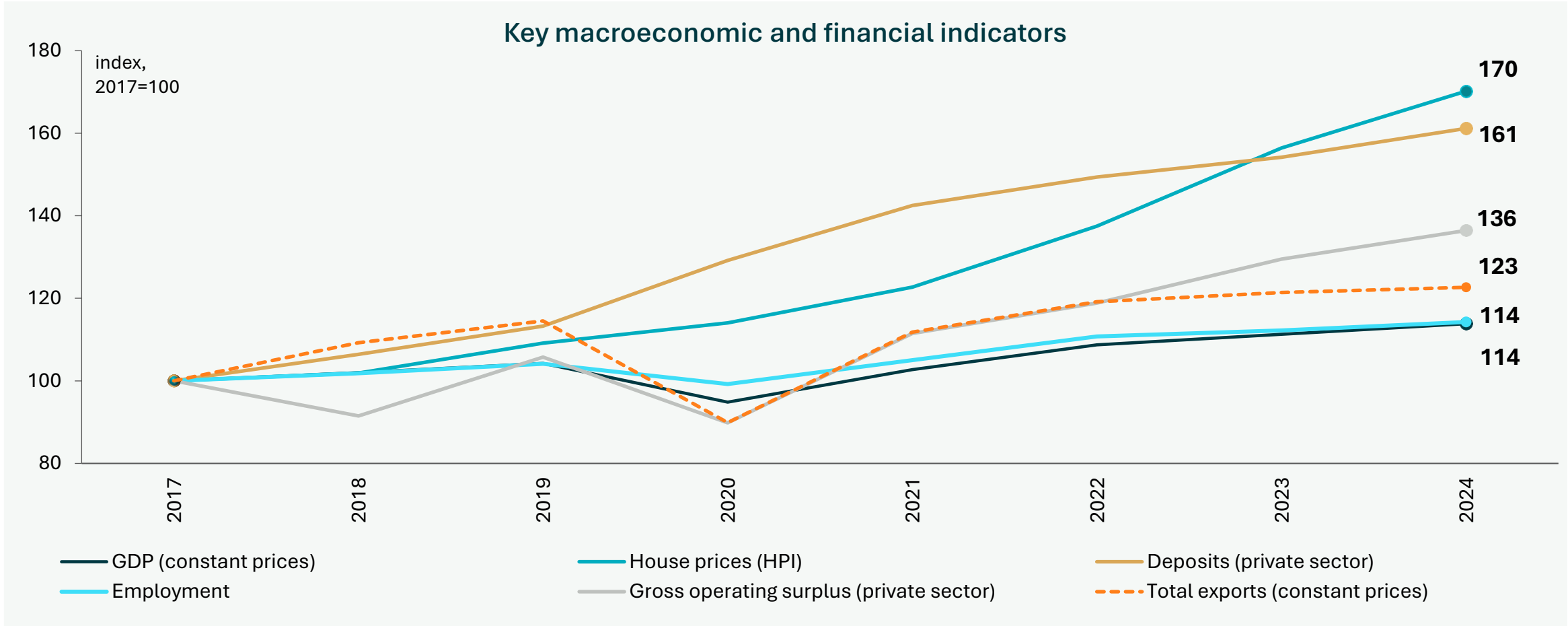
Progress and challenges in a turbulent world

NBG Economic Analysis Division

April 2025

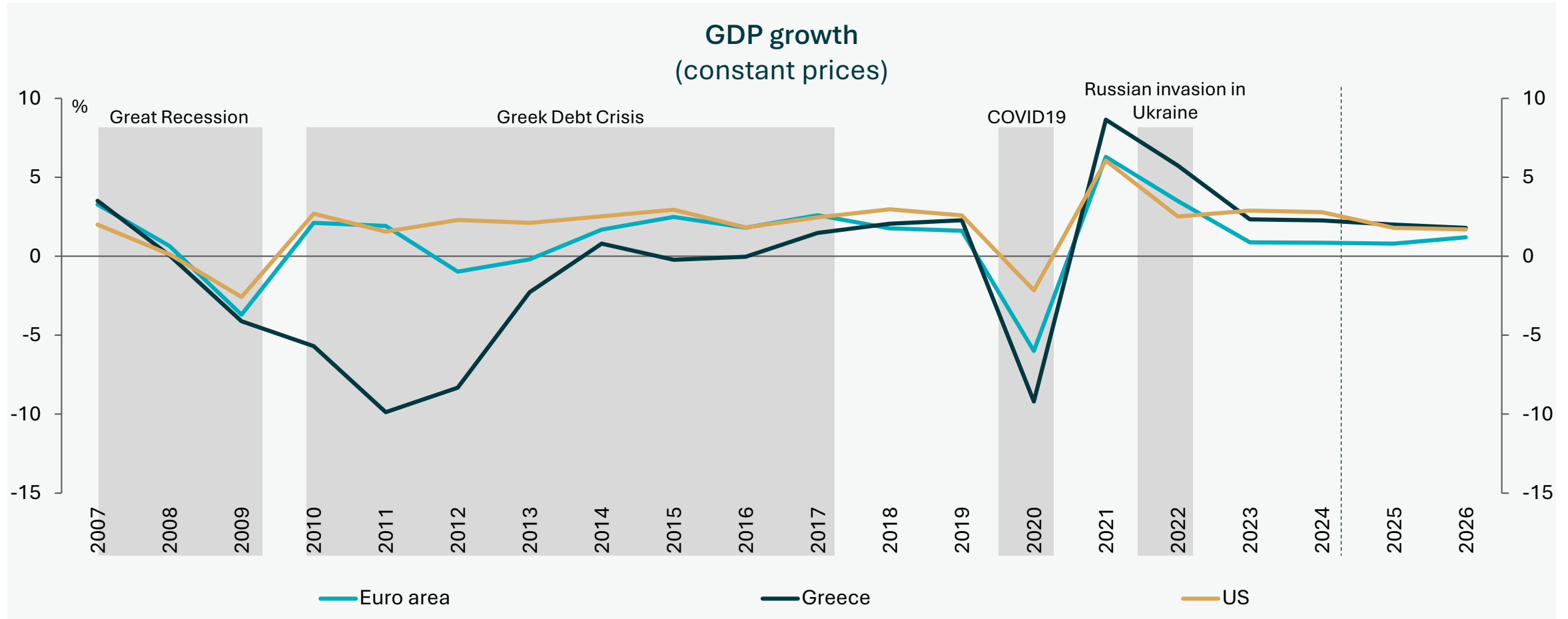
Greek Economy: Resilient recovery in a volatile global environment

Key economic indicators recover in recent years at a decent pace



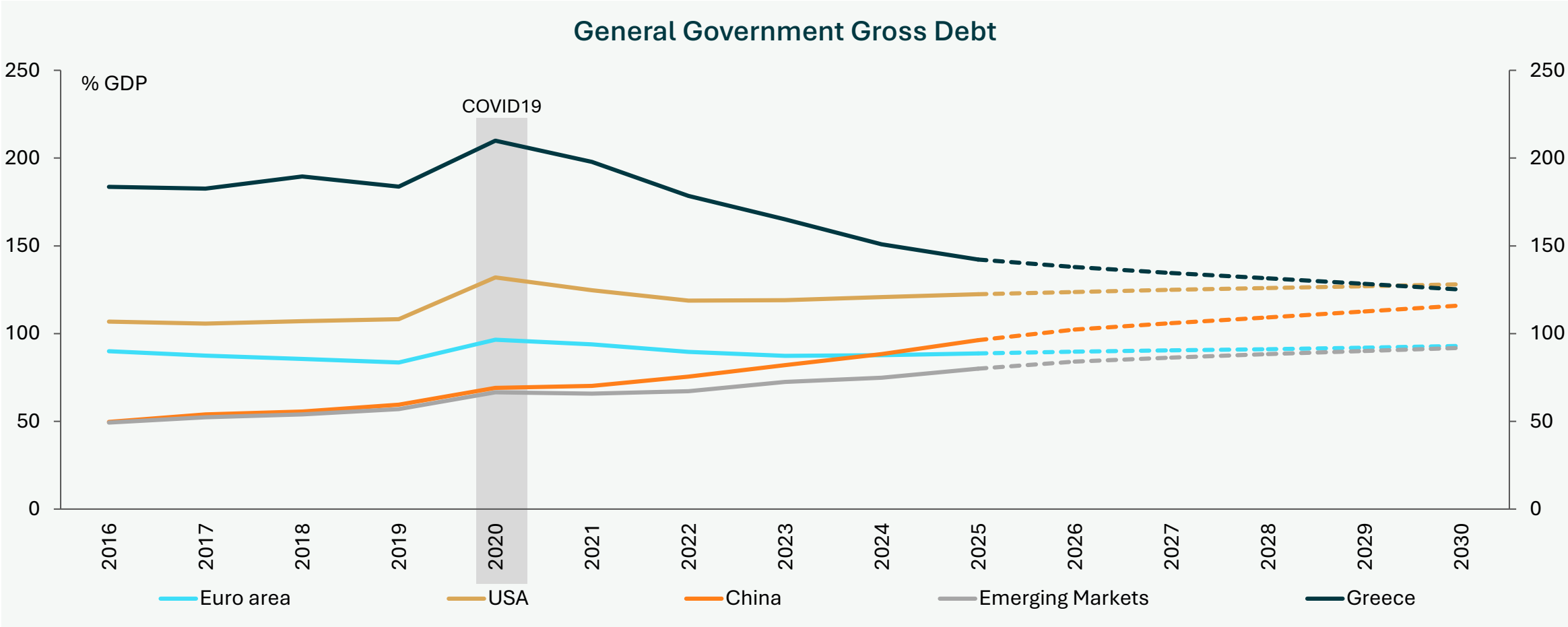
A prolonged recession of historical dimensions for Greece followed by severe exogenous shocks in recent years – the economy has exhibited notable resilience

GDP growth (Greece, Euro area, US)



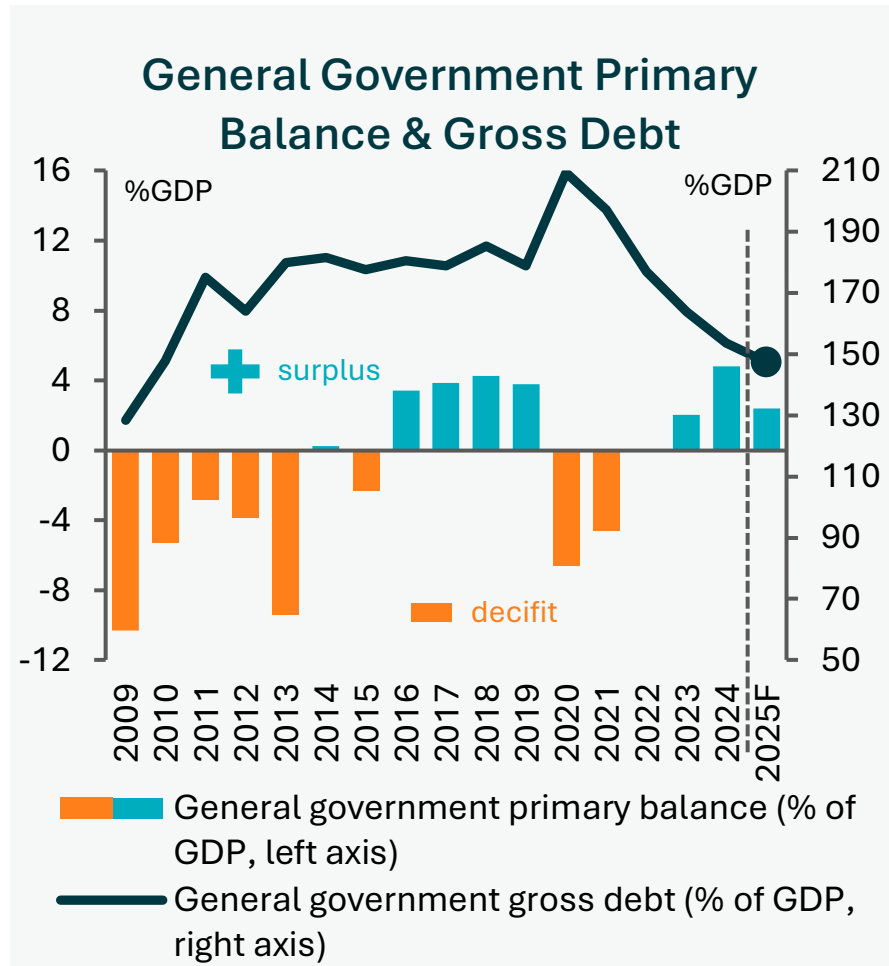
Improving risk appetite: Securing a credible fiscal path against a turbulent world

Greece’s intensive adjustment and unique public debt characteristics secure a steady decline in the debt-to-GDP ratio

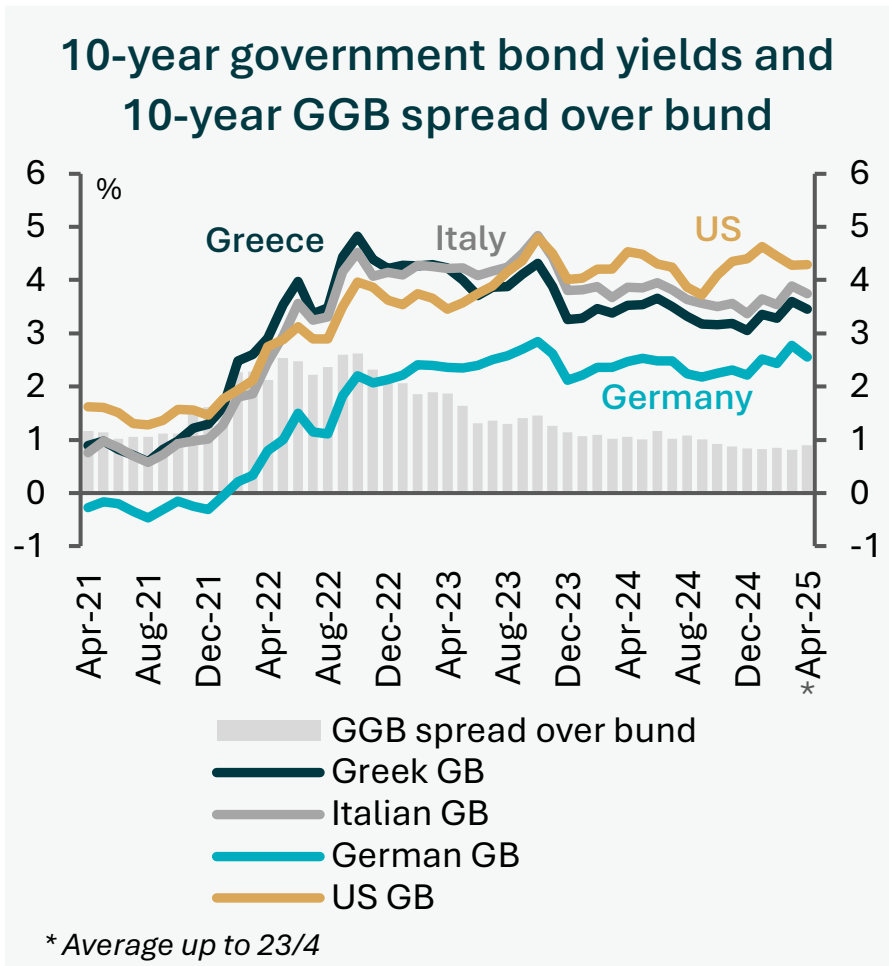


Solid fiscal credibility and continuing risk re-rating → securing fiscal space

Greece's primary fiscal surplus at an all-time high of 4.8% in 2024, with the debt-to-GDP ratio decreasing by 55 percentage points since 2020

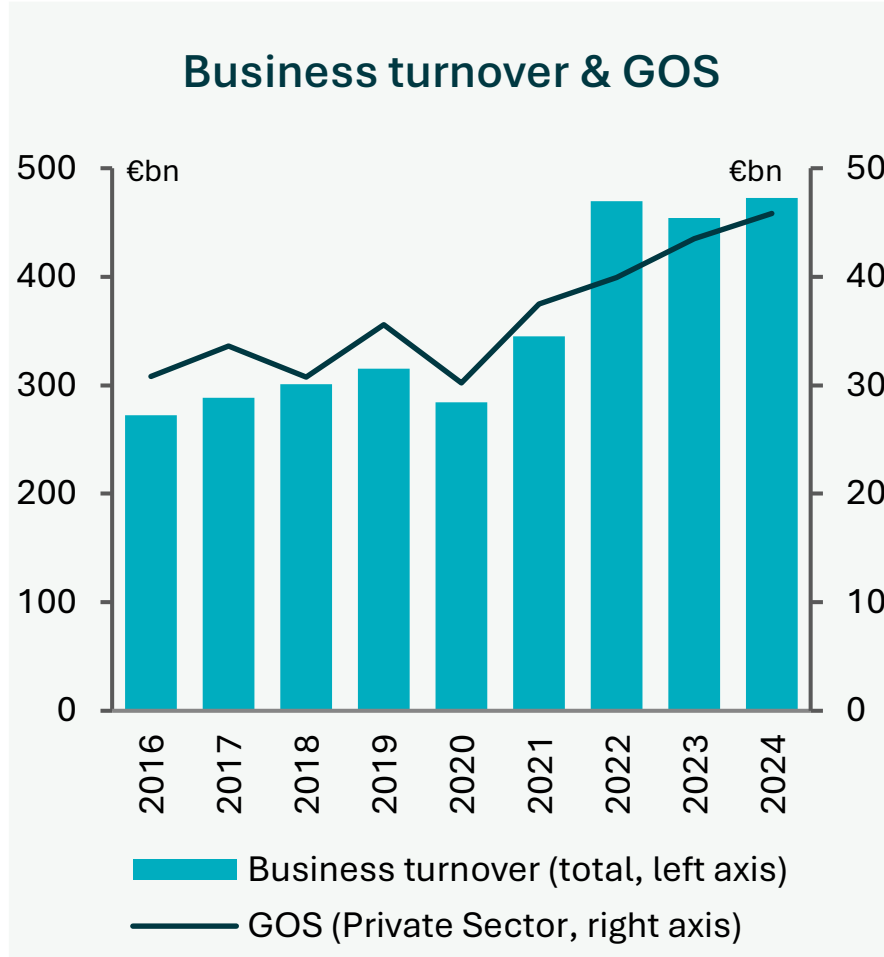


10-year GGB spread over bund close to multi-year lows in 4M:2025

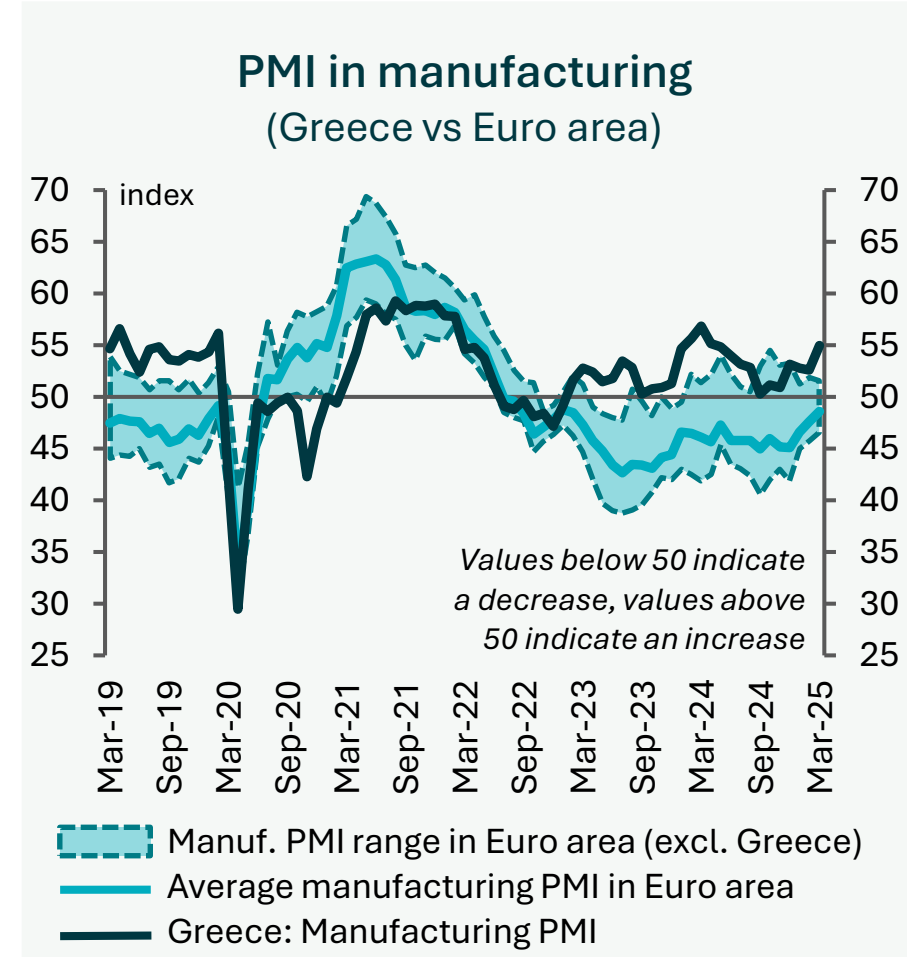


Strong turnaround in business activity and profits buoyed by a revival in Greek manufacturing and robust services sector

Steady increase in private sector's profitability and turnover of Greek businesses

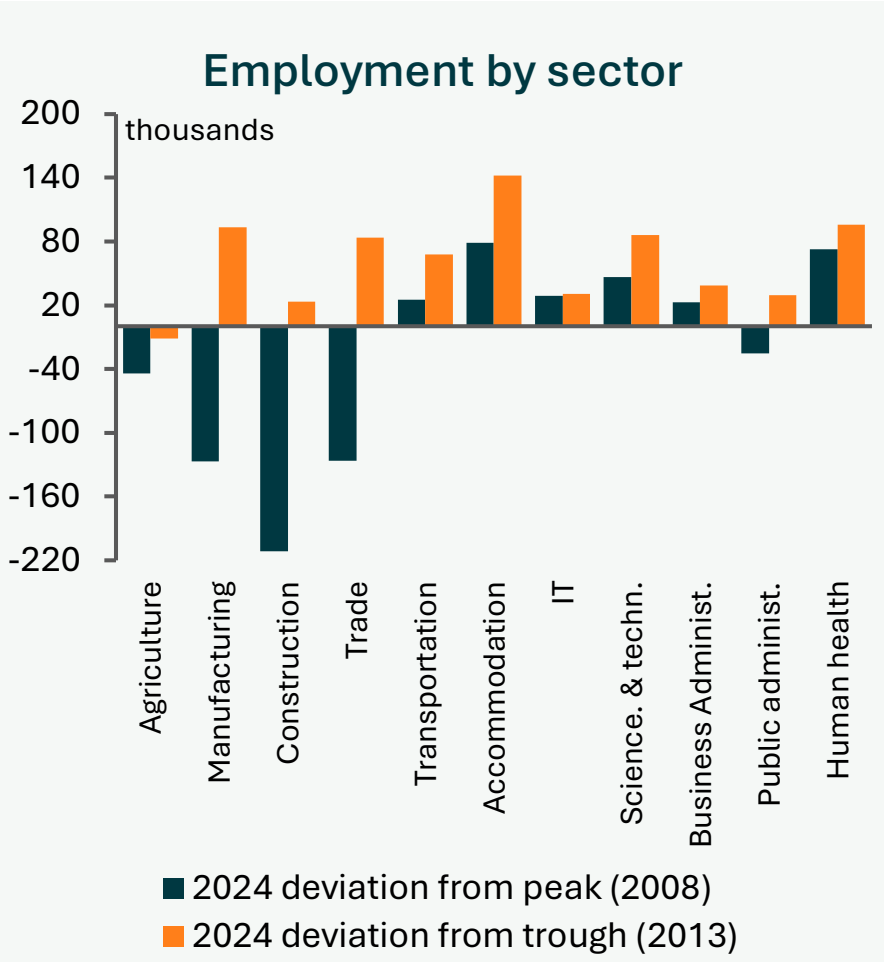


Remarkable overperformance of Greece's manufacturing sector in comparison with the euro area peers

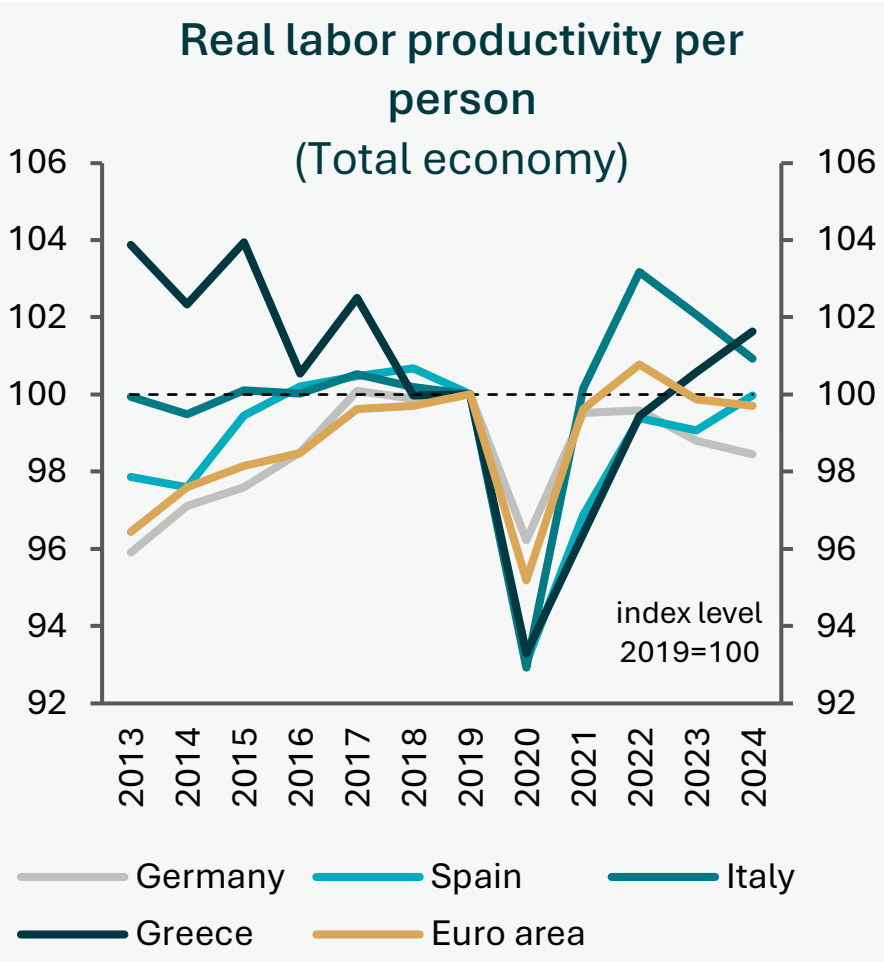


Robust labor market with manageable “supply” constraints for the near term but significant demographic and efficiency challenges for the medium & long-term

Strong recovery in employment but with significant sectoral deviations

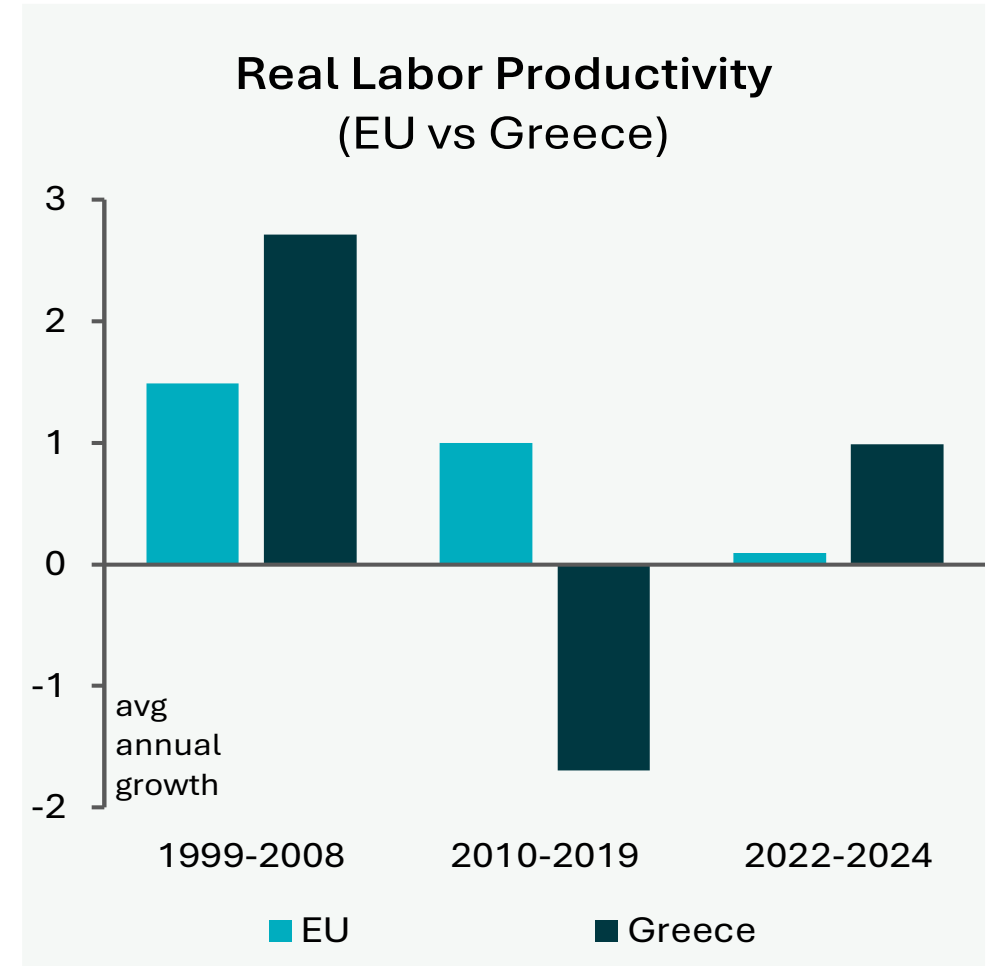


Sustained gains in Greece’s labor competitiveness led by the industry sector

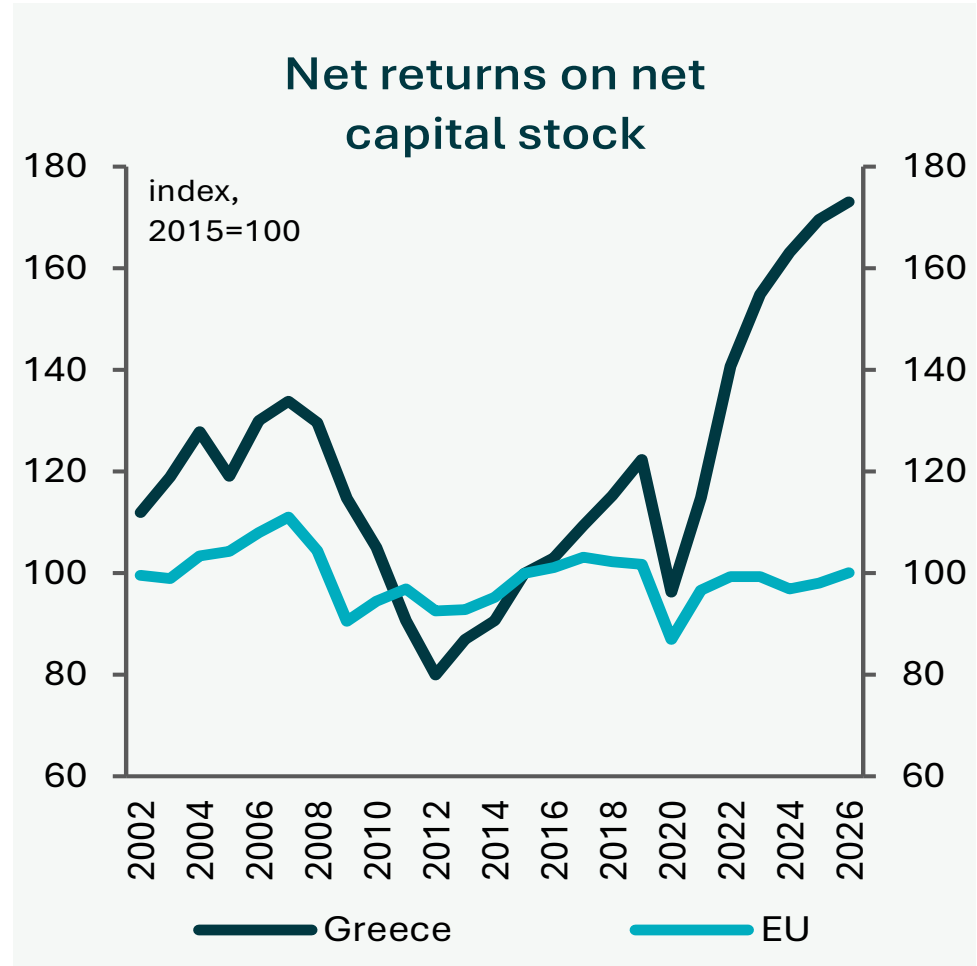


More efficient use of conventional production factors has to continue in the medium term and be combined with sustained TFP gains

Sustained outperformance, in labor productivity, of the EU-average post Covid-19

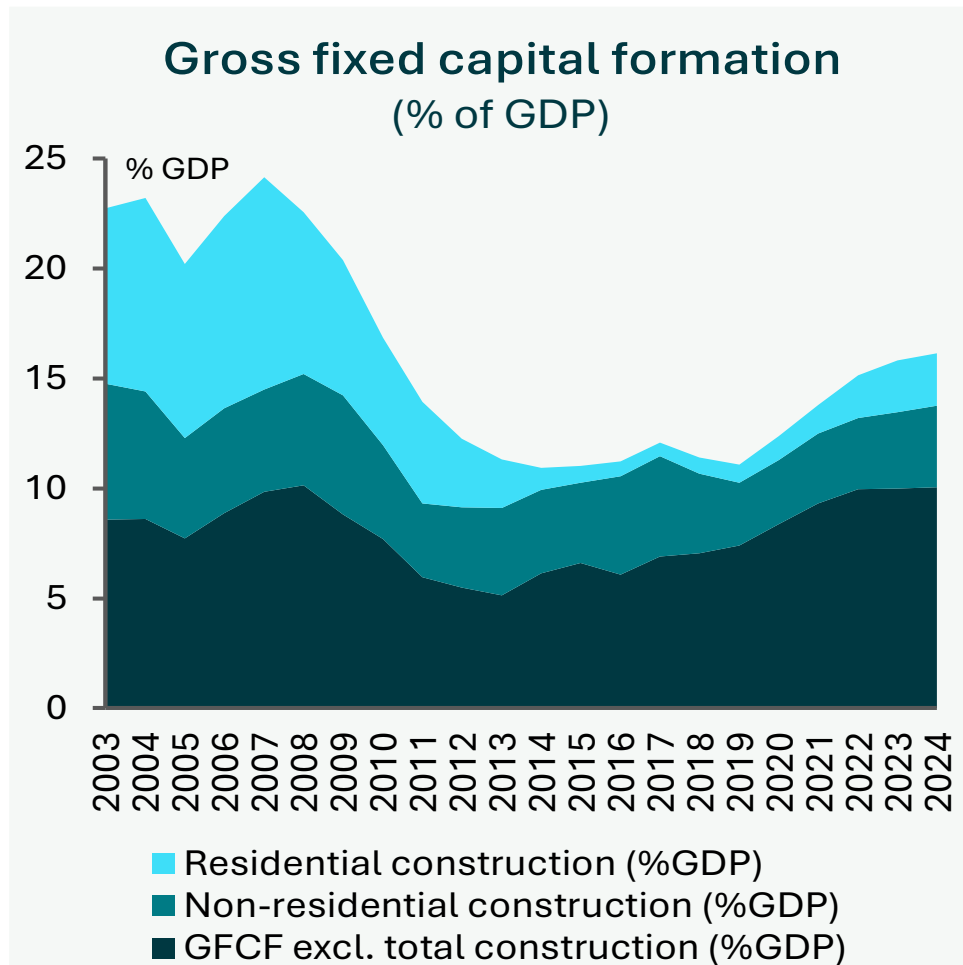


Increasing efficiency of productive capital

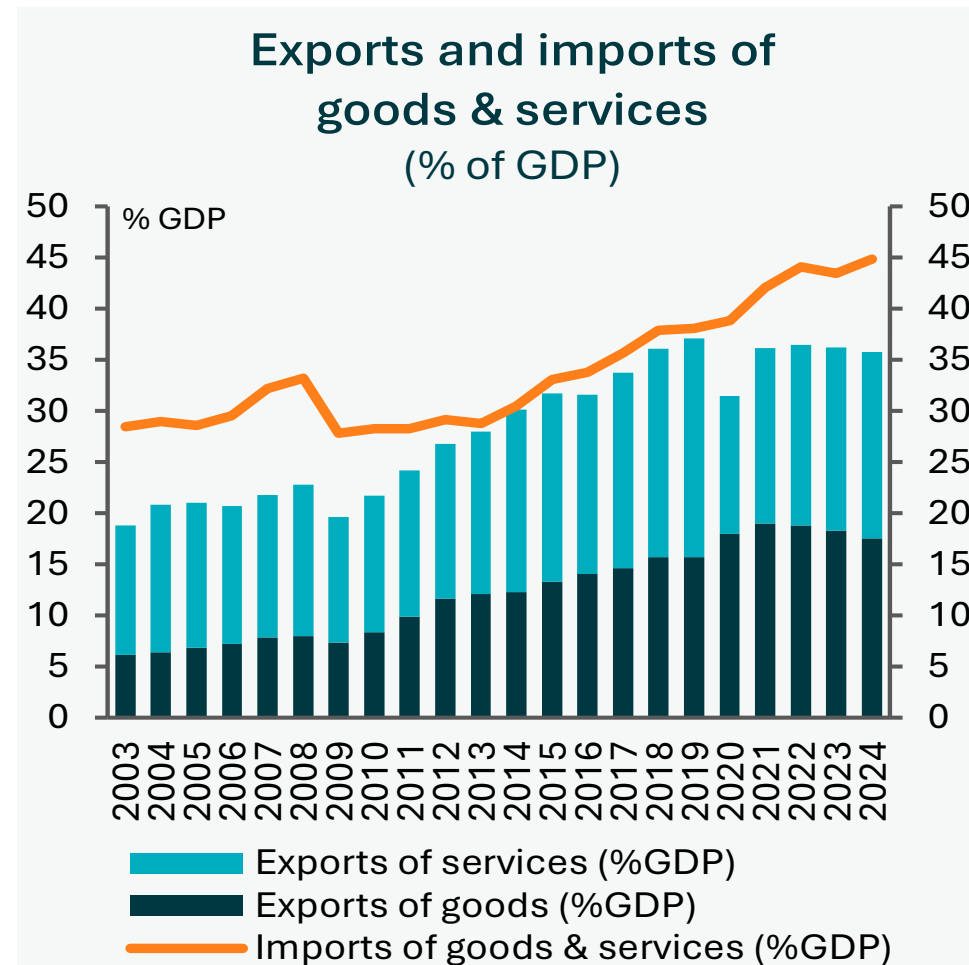


Capital and production deepening and further increase in the economy's structural competitiveness are the main challenges for the medium term

Business investment at pre-crisis highs

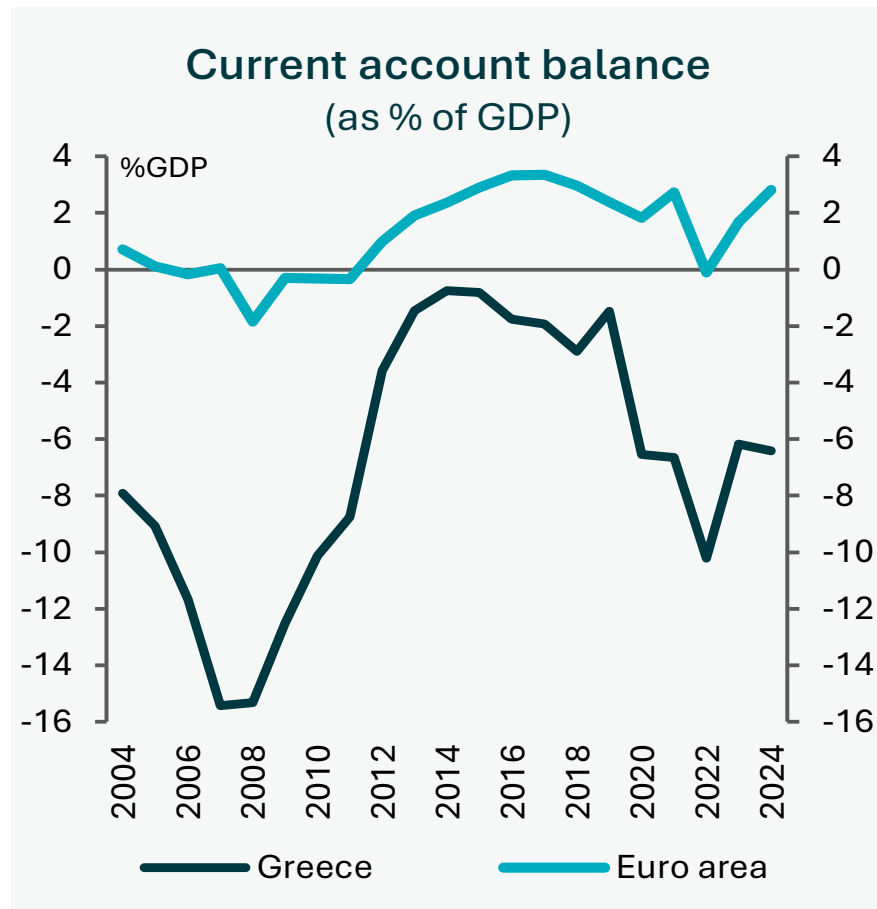


Steady increase in exports, closely matched by imports → limited domestic production chain, still high import dependence

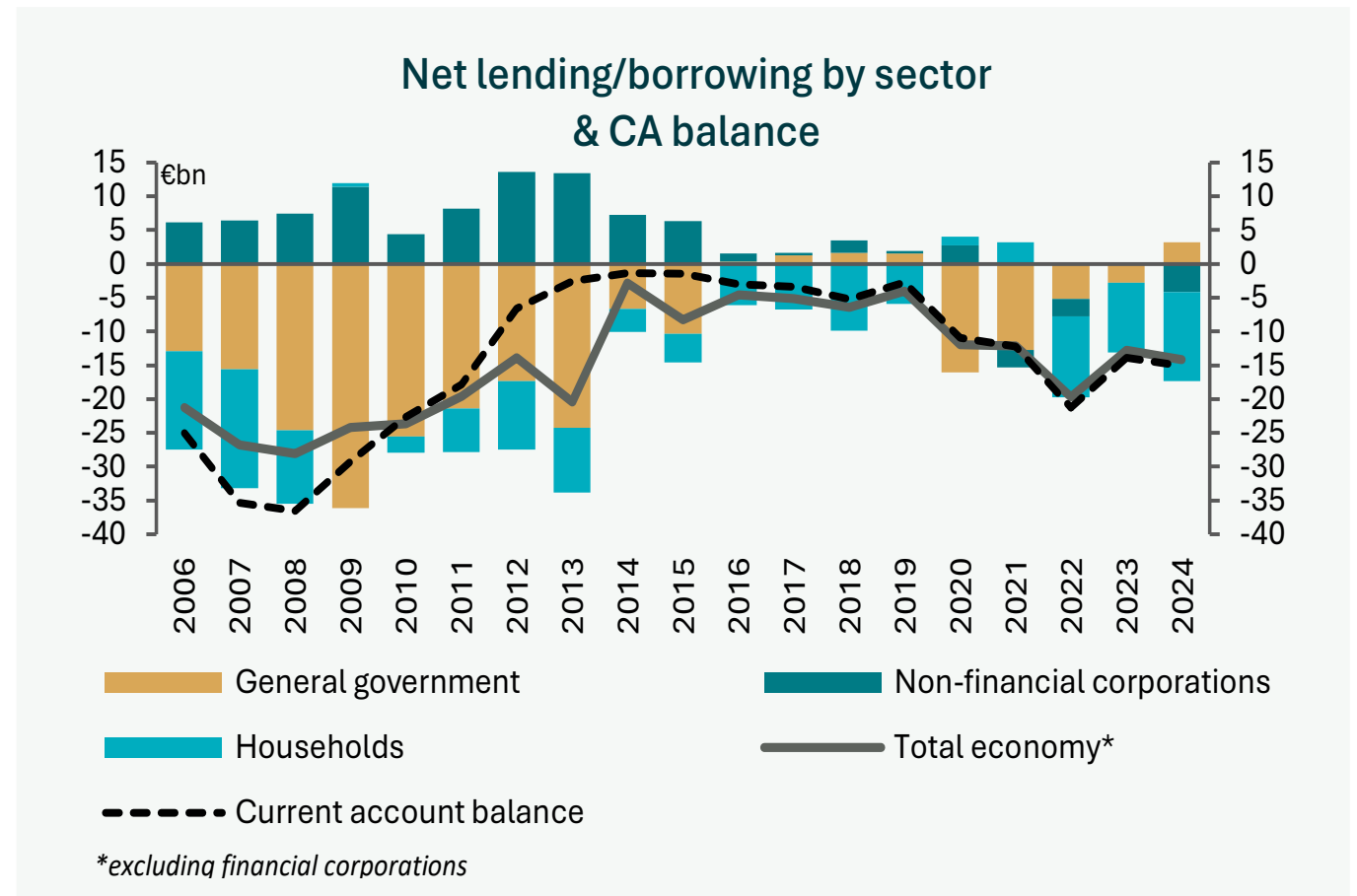


Persistent external imbalances reflecting a different mix of sectoral savings balance

Widening in CA deficit, in recent years, due to stronger economic growth, external shocks and high import content of production



The public sector in a surplus position in 2024, with household saving rate in negative territory, and gradual rebalancing expected from 2025

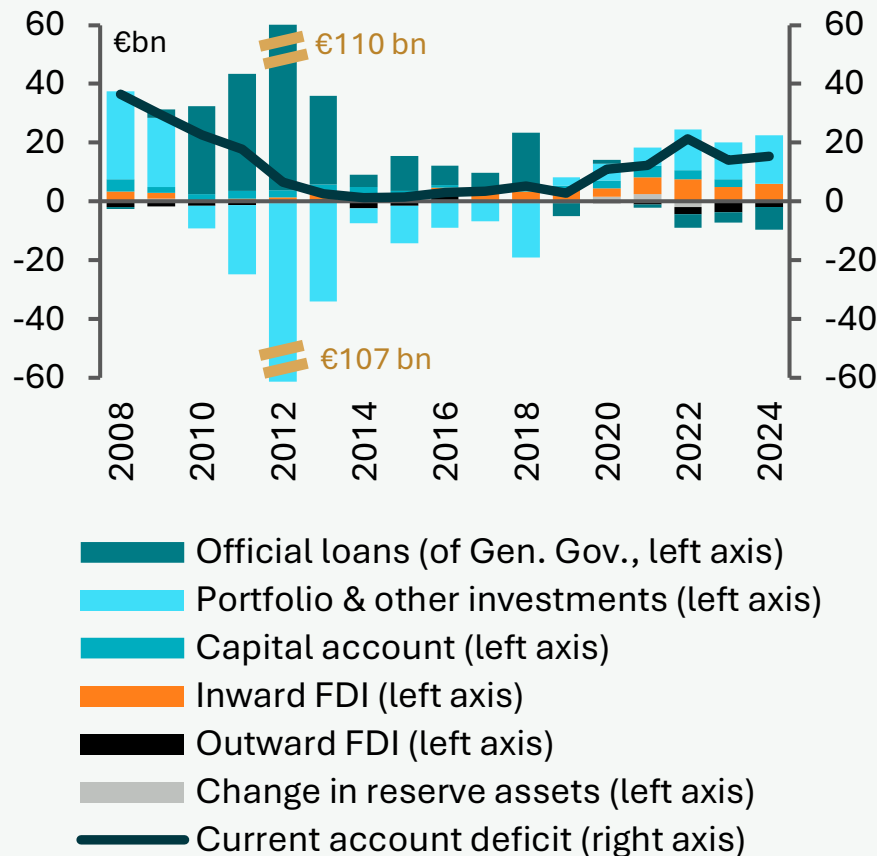


Improving quality of external financing inflows but still directed to “traditional” sectors

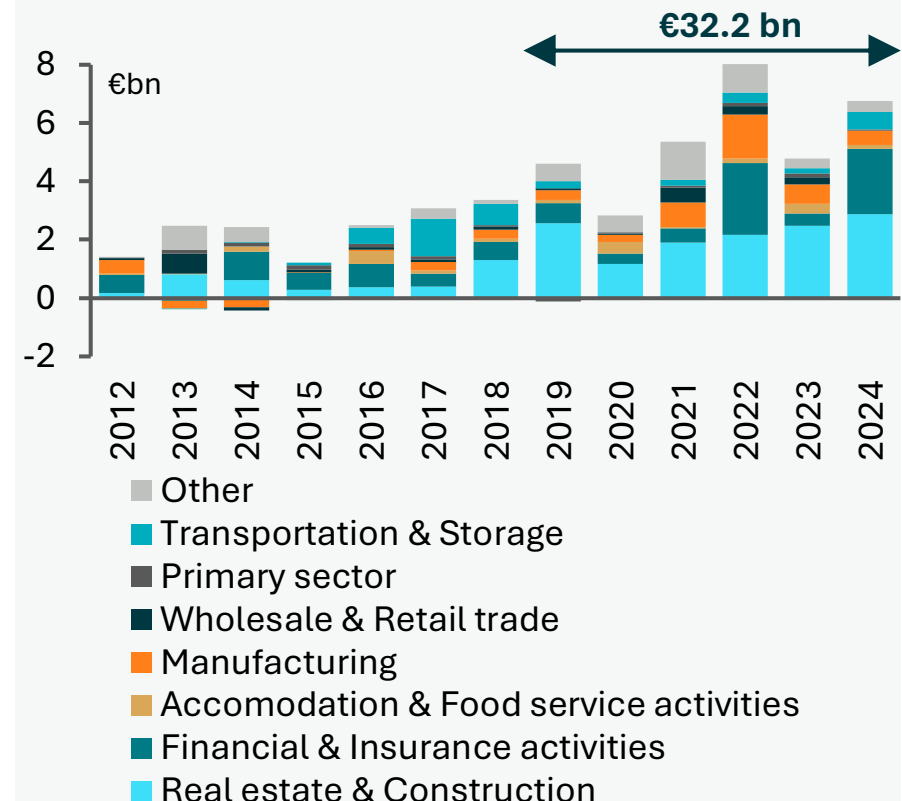
The CA deficit is primarily financed by increasing FDI, portfolio investment and official funding inflows

Strong FDI inflows with dominant RE reflecting, *inter alia*, tourism-related competitive advantages and still lower valuations relative to competitive markets

Financing sources of CA deficit

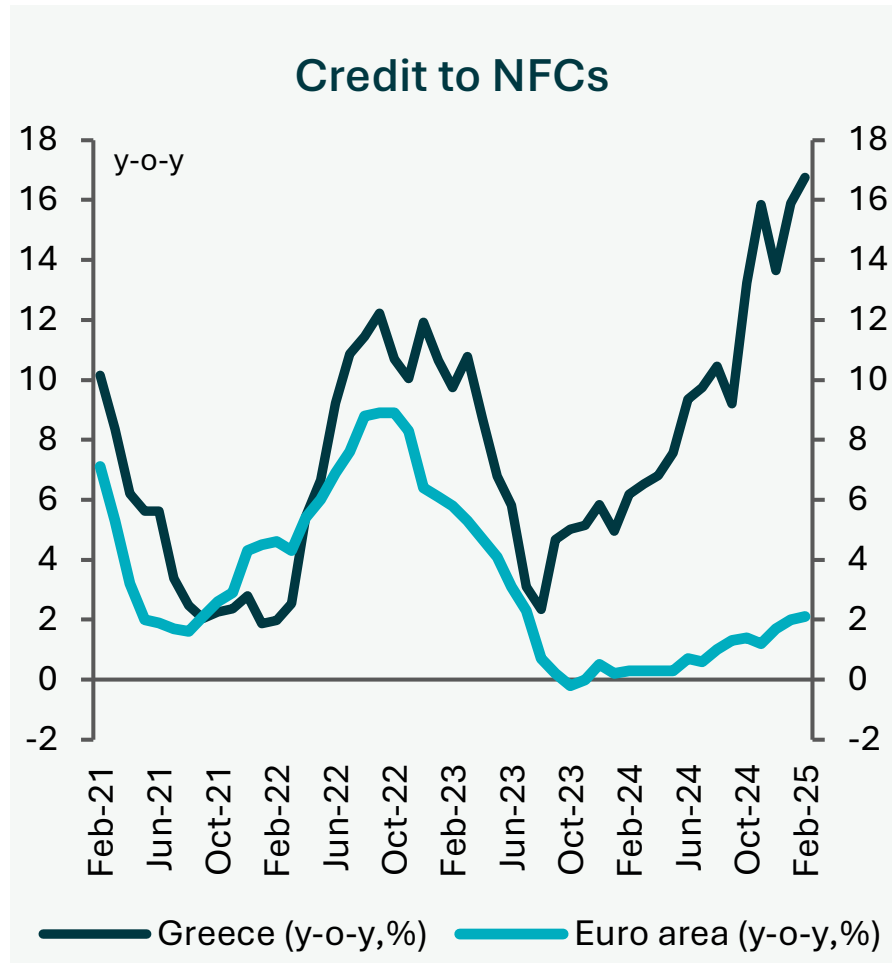


Greece: Sectoral breakdown of FDI inflows per year

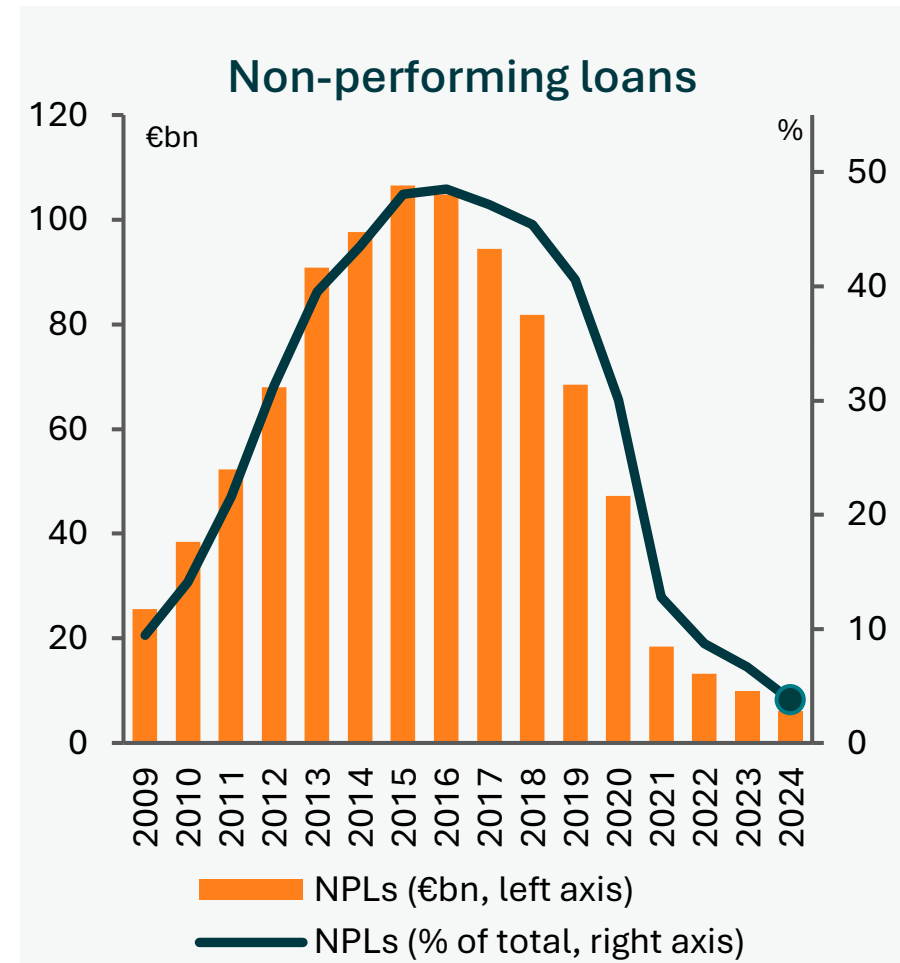


The Greek banking system on a strong recovery mode securing more favorable liquidity conditions, following a decade of forced deleveraging

Credit to non-financial corporates, and the private sector as a whole, outpaced the euro area average by a widening margin over the past 2 years

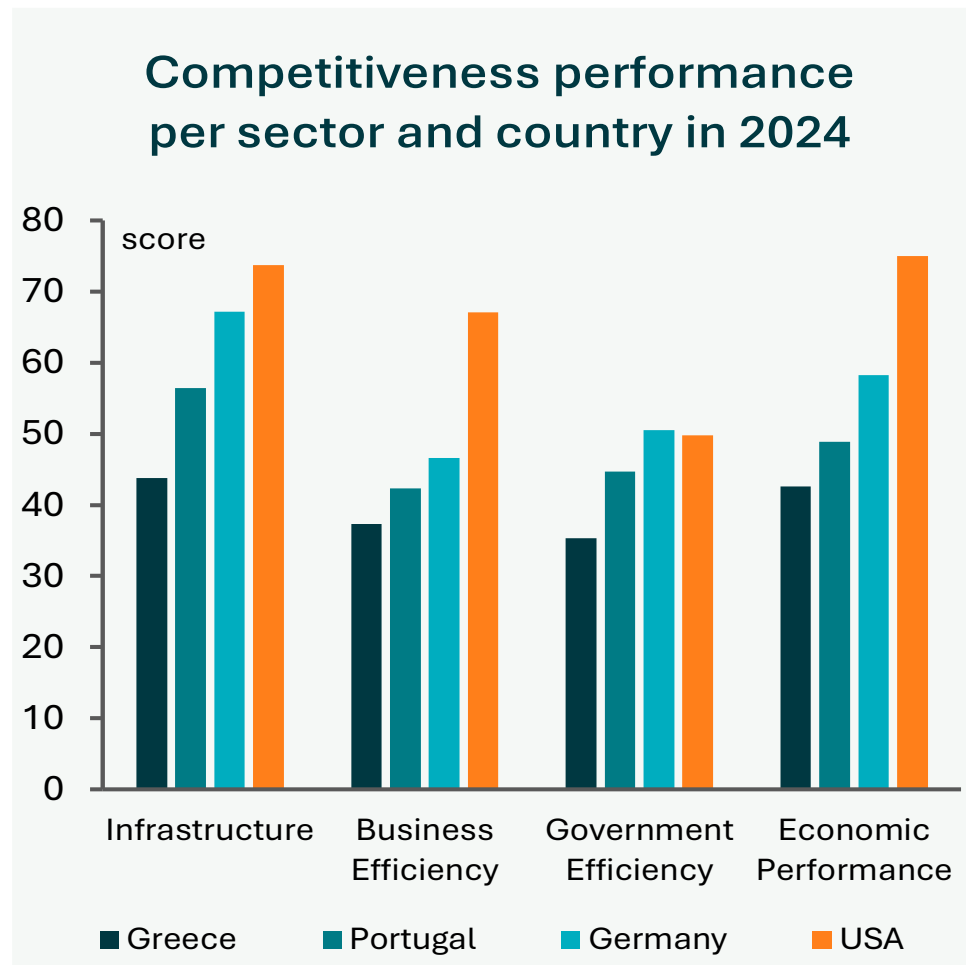


Non-performing loans (NPLs) in Greek banks' balance sheets declined drastically through organic and inorganic actions. The NPL resolution at an economy-wide level is more challenging

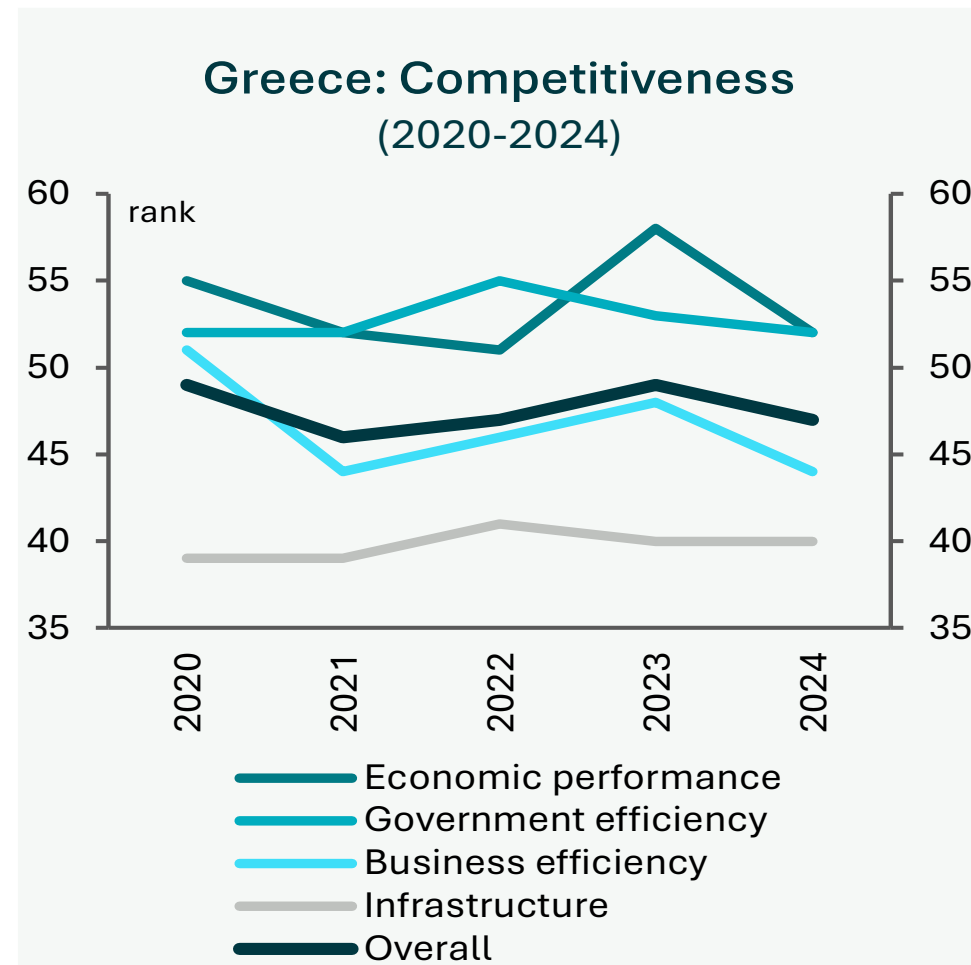


Greece's structural competitiveness gap vs developed economies remains substantial – a critical element of Greece's long-term growth potential and social cohesion

Cross country competitiveness metrics per sector



Greece: Limited improvements in structural competitiveness vs more developed economies



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