



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Greece: An Economic Success Story

Professor Plutarchos Sakellaris
Chairman, Council of Economic Advisers
November 2007



HELLENIC REPUBLIC

Presentation Overview

MINISTRY OF ECONOMY AND FINANCE

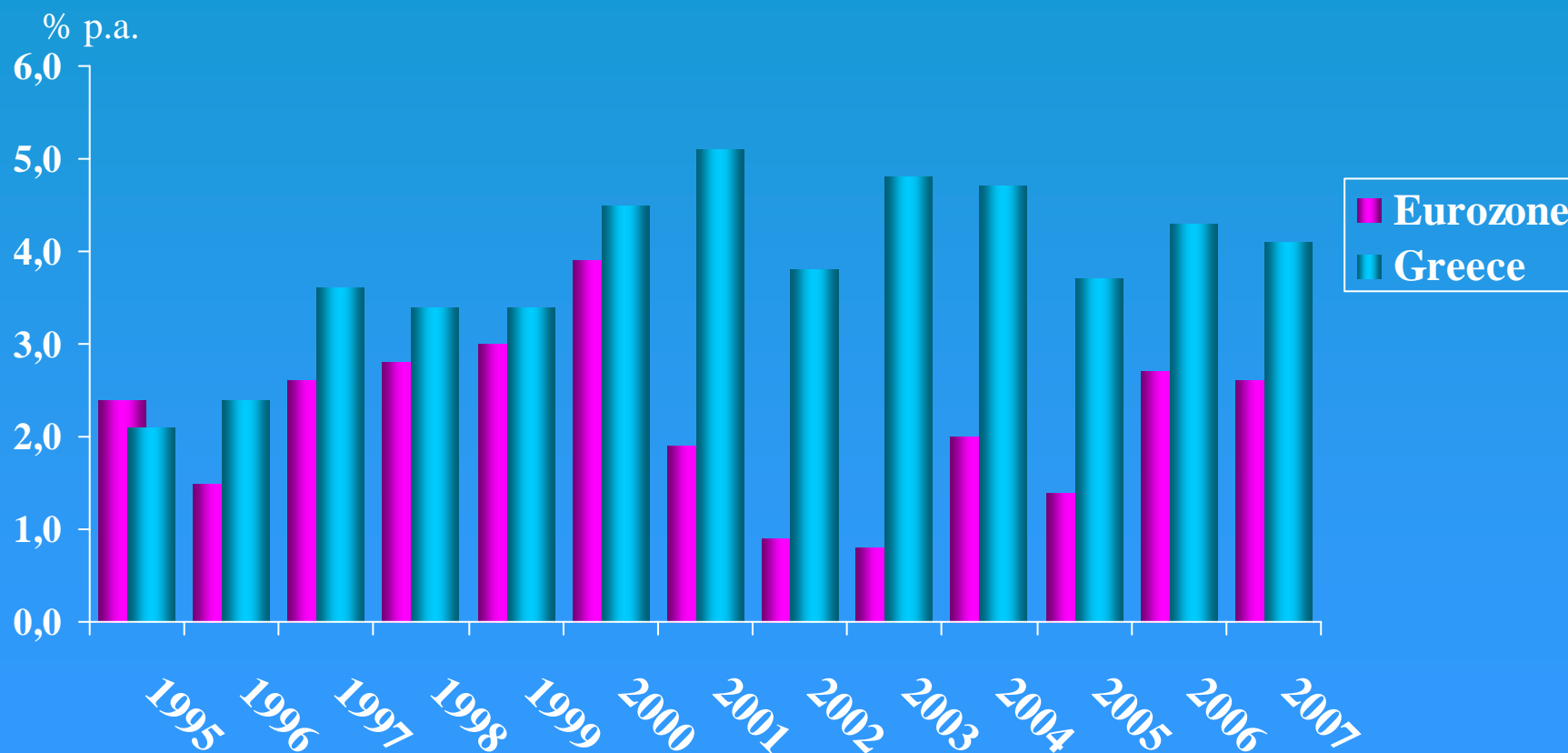
- **Recent Developments**
- **The new Model for Growth**
- **The Outlook for medium term:**
 - **Ensuring conditions for Robust Growth**
 - **Continuing Fiscal Consolidation**
 - **Implementing a second wave of Structural Reforms**
- **The Emerging Economies of South-eastern Europe:
New Opportunities for Greece**
- **Conclusion: The Case for Investing in Greece**



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Growth in Greece Compares Well with Eurozone Countries



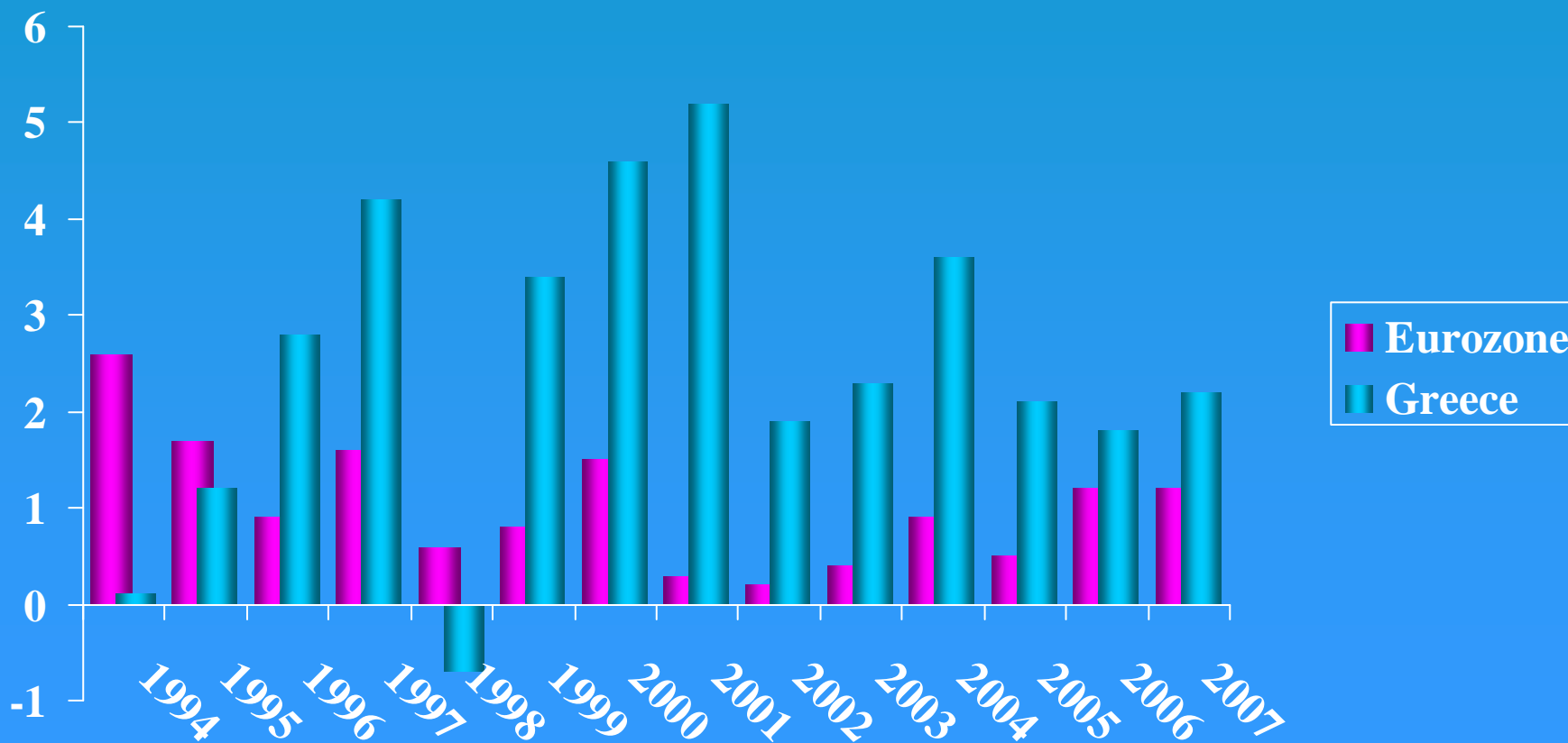
Source: European Commission



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Growth of Labor Productivity in Greece Higher than in the Eurozone



Source: OECD



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Total Factor Productivity Growth

	1980-1995	1996 - 2006
Greece	-0.6	2.2
EU-15	1.1	0.8
Ireland	2.3	2.8
Portugal	1.5	0.3
Spain	1.0	0.1
U.S.A.	0.9	1.4

Source: European Commission



HELLENIC REPUBLIC

A new Model for Growth

MINISTRY OF ECONOMY AND FINANCE

- For many years: demand-led growth \Rightarrow high deficits – debt, erosion of competitiveness, threat for sustainability
- Now: emphasis on productivity – competitiveness, private sector led growth, outward orientation
- ❖ Fiscal consolidation - quality of public finances – structural reforms



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Greece's Economic Outlook for the 2006 – 2008 period

(% annual change, except where indicated)

	2006	2007	2008
GDP Growth	4.3	4.1	4.0
Private Consumption	3.2	3.2	3.5
Government Consumption	3.8	4.2	0.7
Gross Fixed Capital Formation	12.7	8.9	10.5
Exports of Goods and Services	5.4	8.0	7.3
Government Deficit (% GDP)	-2.7	-2.5	-1.7
Government Debt (% GDP)	104.5	101.9	98.9 ₇



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Greece's Budget for 2008: Continuing Fiscal Consolidation

	2004	2008
General government balance, % of GDP	-8.0	-1.7
General government primary balance, % of GDP	-3.9	2.6
Total Revenues, % change	5.7	8.1
Total Expenditure, % change	9.3	6.3
General government debt, % of GDP	108.5	98.9



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Fiscal Policy: Containing and Redefining the role of the Public Sector

- Reduce the size of government debt
 - Expenditure restraint and structural changes to reinforce budget discipline
- New Framework for Public Enterprises and Entities
- Ensure social consensus for fiscal consolidation and maintain social cohesion: government expenditure directed to most pressing social and economic needs



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Enhancing Greece's Economic Potential: Key Policy Initiatives

- Improving the business environment
- Enhancing the outward orientation of the economy
 - Playing a key role in the wider region



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Improving the Business Environment – Enhancing Productivity

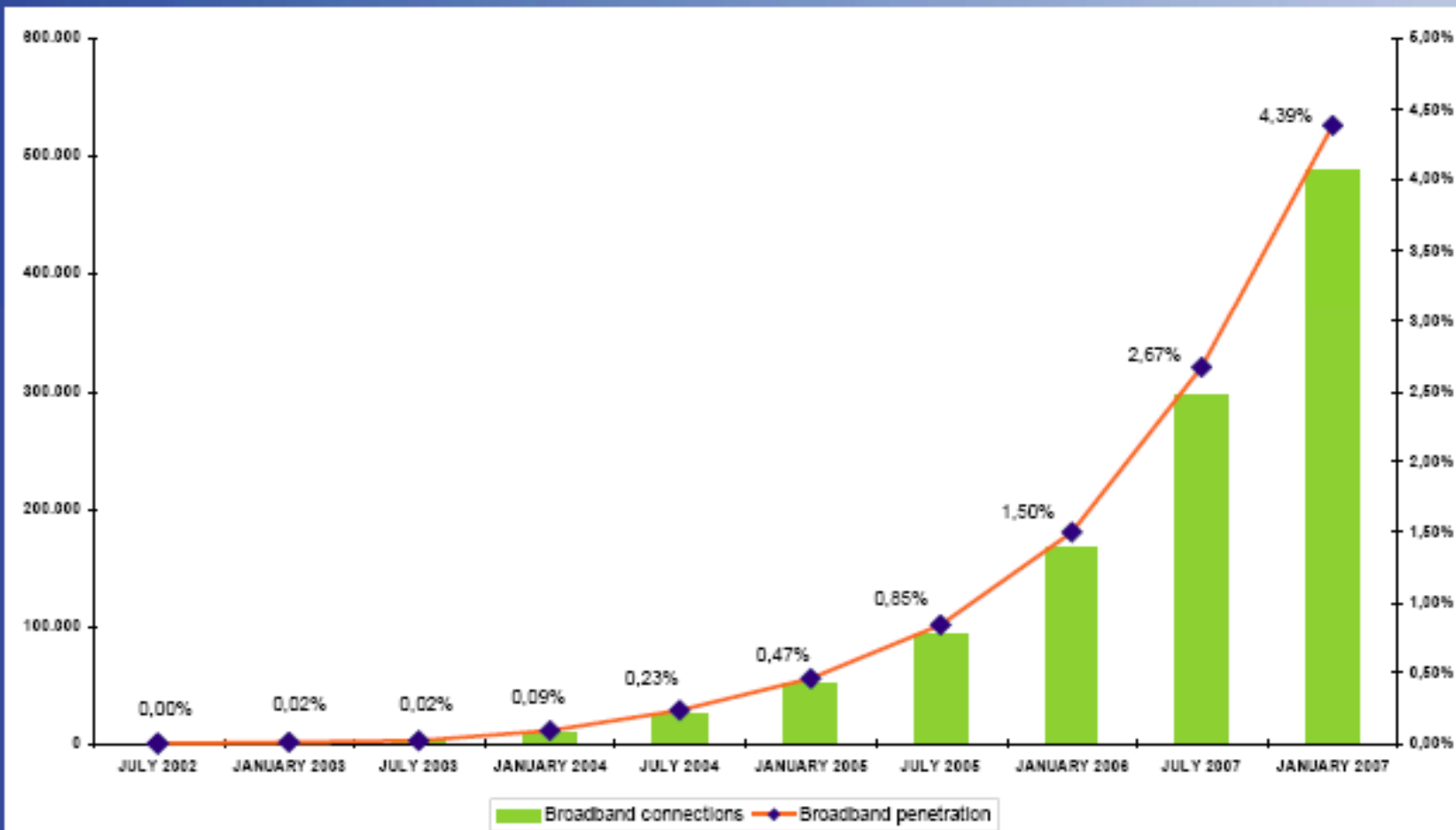
- Tax reform: lowering the tax burden - simplifying procedures
- Accelerating the privatization process - Opening markets – enhancing competition
- PPPs
- New Investment Incentives law
- Facilitating Business start-ups - Bankruptcy legislation
- Zoning and land - use legislation
- Ensuring an efficient framework for the capital markets
- Establishing Digital Greece
- Reform of the pension system



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Establishing Digital Greece





HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Enhancing the outward orientation of the economy

- Impressive export growth – enhanced contribution of exports to growth
- Improved record in inward FDI
- Significant outward FDI – especially towards S.E. Europe countries
- Greece being the **business hub** in the wider region for some of the biggest multinational companies

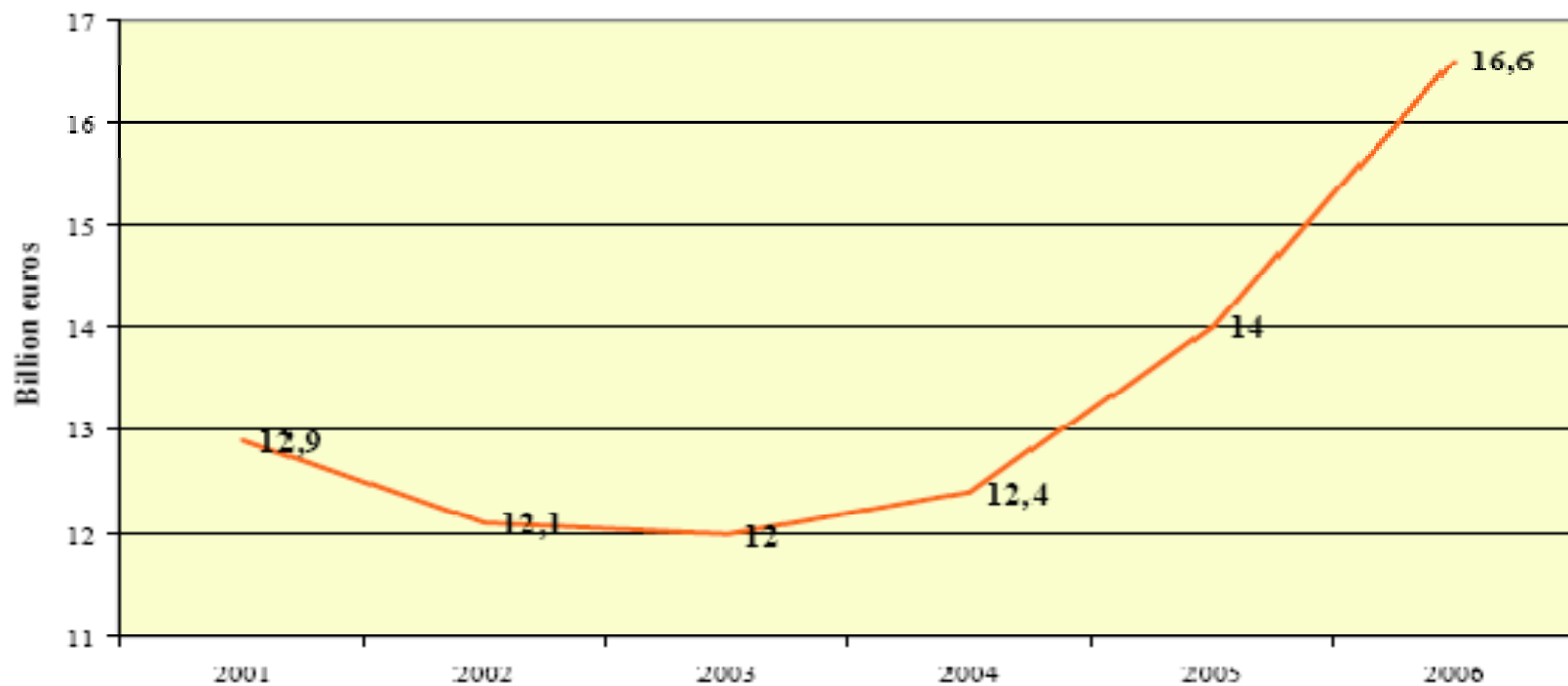


HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Growth of exports...

The progress of Greek exports



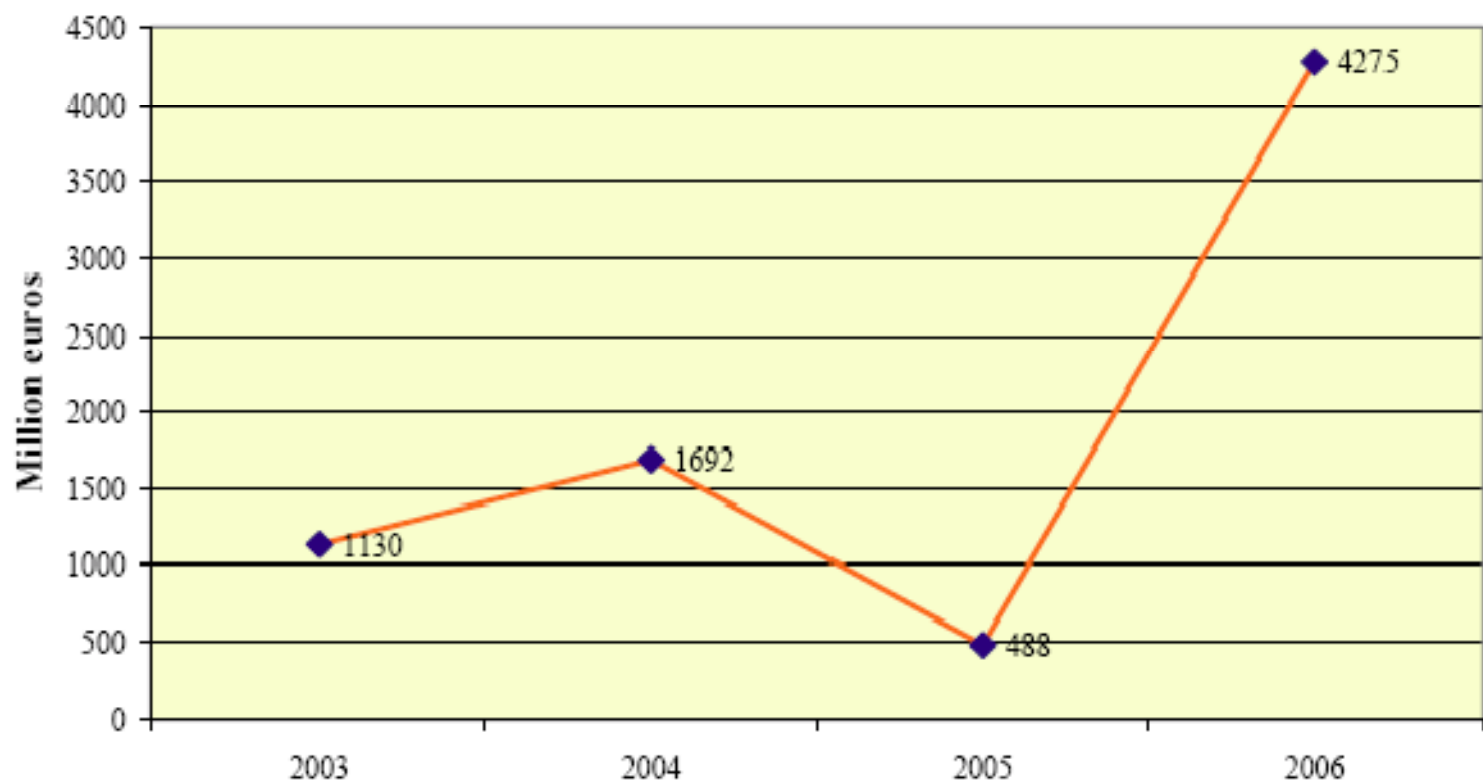


HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

... and impressive record in FDI

Inward Foreign Direct Investment (FDI)





HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Greece and the Development of Emerging South-eastern Europe

- Financial center for the region
 - Source of investment in Balkan banks
- Energy hub for Southeast Europe
- Investment by Greek companies in Balkans
- Labor migration into Greece
- Trade flows



HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE

Conclusion: the Macroeconomic Case for Investing in Greece

- Greece is on the threshold of a new era of accelerated sustainable growth. driven by fiscal prudence and a vigorous program of structural reforms.
- Our reform program is reshaping the role of government and making room for private initiative.
- We are embracing globalization as the best means for ensuring the future prosperity of our people.
- At the same time, we strive to preserve social cohesion.
- The result of our efforts is a more dynamic Greece with profitable investment opportunities.