



KCCI - Country Wrap (November 2015)

Greece

Greece – a brief overview

Greece achieved independence from the Ottoman Empire in 1830. During the second half of the 19th century and the first half of the 20th century, it gradually added neighboring islands and territories, most with Greek-speaking populations. Greece joined NATO in 1952. In 1967, a group of military officers seized power, establishing a military dictatorship that suspended many political liberties and forced the king to flee the country. In 1974, democratic elections and a referendum created a parliamentary republic and abolished the monarchy. In 1981, Greece joined the EC (now the EU); it became the 12th member of the European Economic and Monetary Union (EMU) in 2001. In 2010, the prospect of a Greek default on its euro-denominated debt created severe strains within the EMU and raised the question of whether a member country might voluntarily leave the common currency or be removed.

Economy of Greece

Greece has a capitalist economy with the public sector accounting for about 40% of GDP and with per capita GDP about two-thirds that of the leading euro-zone economies. Tourism provides 15% of GDP. Greece is a major beneficiary of EU aid, equal to about 3.3% of annual GDP. The Greek economy grew by nearly 4% per year between 2003 and 2007, due partly to infrastructural spending related to the 2004 Athens Olympic Games, and in part to an increased availability of credit, which has sustained record levels of consumer spending. But the economy went into recession in 2009 as a result of the world financial crisis, tightening credit conditions, and Athens' failure to address a growing budget deficit. The economy contracted by 2.3% in 2009, 3.5% in 2010, 6.9% in 2011, and 6.0% in 2012.

Greece violated the EU's Growth and Stability Pact budget deficit criterion of no more than 3% of GDP from 2001 to 2006, but finally met that criterion in 2007-08, before exceeding it again in 2009, with the deficit reaching 15% of GDP. Austerity measures reduced the deficit to about 8% in 2012. Deteriorating public finances, inaccurate and misreported statistics, and consistent underperformance on reforms prompted major credit rating agencies to downgrade Greece's international debt rating in late 2009, and has led the country into a financial crisis. Under intense pressure from the EU and international market participants, the government adopted a medium-term austerity program that includes cutting government spending, decreasing tax evasion, overhauling the health-care and pension systems, and reforming the labor and product markets. European leaders and the IMF agreed in October 2011 to provide Athens a second bailout package of \$169 billion. In exchange for the second loan Greece has promised to introduce an additional \$7.8 billion in austerity measures during 2013-15. However, these massive austerity cuts are lengthening Greece's economic recession and depressing tax revenues. Many investors doubt that Greece can sustain fiscal efforts in the face of a bleak economic outlook, public discontent, and political instability.

Key Industries of Greece

Main industries of Greece are tourism, food and tobacco processing, textiles, chemicals, metal products, mining and petroleum. Core agricultural products are wheat, corn, barley, sugar beets, olives, tomatoes, wine, tobacco, potatoes, beef and dairy products.

Greece's major trading commodities and partners

Greece's major exports are food and beverages, manufactured goods, petroleum products, chemicals and textiles to leading partners Turkey, Italy, Germany, Bulgaria and Cyprus. Its major imports are machinery, transport equipment, fuels and chemicals from leading partners Russia, France, Italy, Saudi Arabia and Netherlands.

Bilateral Trade Relations between Pakistan and Greece

The bilateral trade relations between Pakistan and Greece are optimistic and there is significant room available for enhancing trade volume which is quite low at present. In FY15, Pakistan exported goods to Greece of worth \$ 64.30Mn as against exports of \$ 61.50Mn in the same period last year reflecting an increase of 4.5%. Pakistan's imports of goods from Greece were recorded at \$ 15.82Mn as against imports of \$14.20Mn showing increase of 11%. Pakistan also has a Double Tax Avoidance Agreement with Greece.

Potential for enhancing bilateral trade relations between Greece and Pakistan

- As the trade volume between Pakistan and Greece is quite low, new fields of bilateral trade should be identified so that balance of trade could be enhanced.

- Pakistan should seek assistance from Greece for the plantation of olive oils.

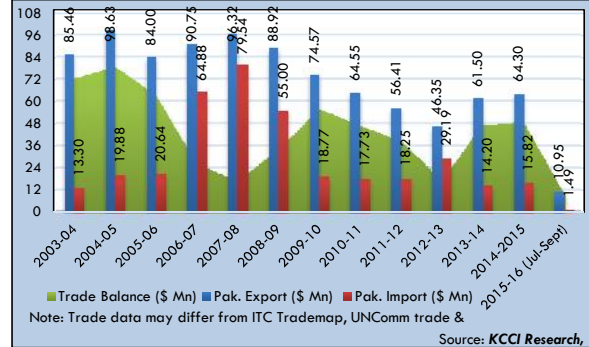
- Furthermore sectors like Information technology, telecommunication, construction, automobile parts, food processing, fisheries, agriculture, hotel industry and real estate offer tremendous opportunities and potential for cooperation between the two countries.

Economic Indicators

Indicators	Unit	2013	2014 est.	Change
GDP (PPP)	\$ Bn	282.10	284.30	0.78%
GDP per Capita	\$	25,700	25,900	0.78%
GDP growth	%	-3.9	0.8	4.70%
Forex Reserves	\$ Bn	5.75	6.43	11.84%
External Debt	\$ Bn	575	514	-10.60%
Exports	\$ Bn	36.60	35.80	-2.19%
Imports	\$ Bn	62.19	62.80	0.98%
Trade Balance	\$ Bn	-25.59	-27.00	-5.51%
Current Account	\$ Bn	1.77	2.20	24.55%
CPI	%	-0.9	-1.3	-0.40%
Unemployment	%	27.5	26.5	-1.00%
Discount Rate	%	0.75	-	-

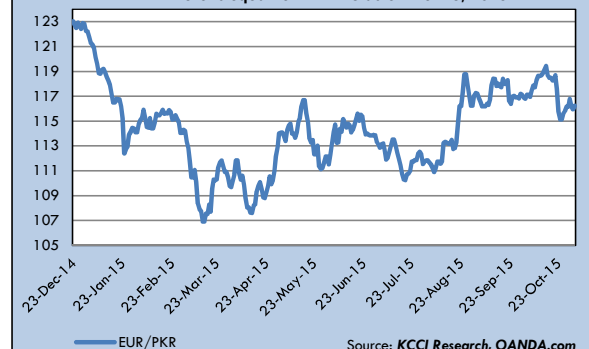
Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Greece (FY04 - Sept.'15)



Euro Vs. Pakistani Rupee

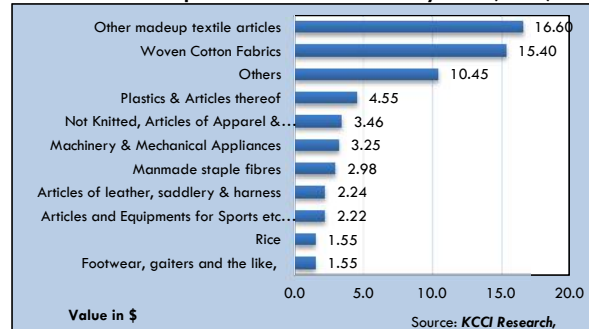
A Euro is equal to PKR 116 as on Nov. 3, 2015



Key Memberships

Australia Group, BIS, CERN, EAPC, EBRD, ECB, EU, FAO, FATF, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCs, IGAD (partners), IHO, ILO, IMF, Interpol, IOC, MIGA, NATO, OECD, PCA, Schengen Convention, UN, WCO, WFTU (NGOs), WHO, WTO

Pakistan's Export to Greece - Commodity Wise (FY15)



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