GREECE

(An IGETOR country profile, quarterly)
Political and Economic Situation of the country and trends
(Update for 30/11/2004)

1. Political Scene
2. Economy
3. Outlook

1. Political Scene

Foreign:
-The un-successful presentation of the Greek positions at the international arena during the last years had a negative effect for the understanding of the problems in Balkans, Cyprus and the Greek relations with Turkey. The new era after September 11 seems not affecting or readjusting the Greek foreign policy as regards both tactics and strategy.
-The Yugoslavian issues (Kosovo, Serbia-Montenegro, FYROM) continue to occupy the international interest and it is assumed that spectacular evolution is for the near future.
-Greek relations with Albania and FYROM provoke only verbal tensions.
-The Turkish issues and especially the occupation of part of Cyprus, since 1974 despite United Nations Resolutions, remain open. Substantial evolution is visible in relation with the Turkish candidature in the European Union.

Internal:
-Prime Minister C.Karamanlis is with no doubt the key figure in the political game leaving very limited room for any manoeuvers within or outside his party.
-The presidential election of March 2005 may change the whole picture with or without parliamentary elections.
-The opposition party of PASOK remains under strong pressure due to its internal problems.
-The readjustment of the key figures in the State Financials, especially deficit and debt, provoked a strong interest of the European partners, thus reducing the governmental possible measures and actions.

2. Economy

-The convergence plan is a difficult task for Greece, seeking high rate of growth in G.D.P. and substantial cuttings in public spending.
-Restructuring, reorganization and privatization have to be accelerated in any kind of State company.
-Greek economy is said to be favored by several European Union Funds, mainly subsidies, these huge plans are especially for modernizing infrastructure in the public

works field. The management and the rationale of the proposed investment programs are a real disaster.
-The fiscal system needs structural changes and adjustments in order to give the Greek economy the means to use its full capacity and resources.
-Budgeted figures in Greece are slightly different than the actual ones for the last few years but efforts seem to contribute in improving forecasting. The structural problem of the budget is its continuous deficit, which does not allow the necessary surplus for investment.
-Manufacturing production is suffering because of imports.
Some characteristic figures estimated:
-The G.D.P. growth should increase this year by 3.2%.
-Unemployment will be more than 12%.
-Total Central Government debt estimated 112% of G.D.P.
-Deficit more than 5.3% of G.D.P.
-Inflation is estimated close to 3.8% end 2004.
-A.S.E. (Athens Stock Exchange) is stabilized around 2500 of the A.S.E. index, seeking direction.

3. Outlook

-The Greek economy continues to suffer from lack of investment. It counts mainly on the European Union Fund plans for its investment, as private and foreign investment are extremely weak.
-Greece will continue to be the most advanced, strong and stable country in Balkans and the whole region, in both political and economic terms.
-Ex-eastern block changes have minor effects on Greek economy for the moment.
-Greek companies are leading the foreign presence and involvement in the Balkans.