

Responding to the Coronavirus Crisis

Update on Greece (23/04/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
*		*		*	*	*		*	*				*	*			*		*		*

Economic channels of disruption

Tourism, private consumption, shipping

- Severe lockdown (schools and all non-essential businesses closed) causing sharp halt to the steady economic recovery
- Tourism (more than a fifth of GDP) heavily hit – bookings for summer season down 72% y/y in 92% of hotels that operate year-round and by 58% in 83% of hotels that operate seasonally
- Shipping sector also taking a major hit: 40%-50% decline in traffic so far in 2020

Selected crisis impact indicators

EBRD GDP growth outlook (April 2020) 2020: recession
[new forecasts out on May 13 2020] 2021: strong recovery

Economic sentiment March ESI 109.4
(March 2020): (down 3.8 points m/m)

Purchasing Managers Index March PMI 42.5
(March 2020) (down 13.7 points m/m)

Overall Turnover Index in Industry -2.4 %
(February 2020) (y-o-y)

Athens stock market 536.45
(April 01 2020) (down 30% m/m)

Crisis response measures to date

Support for healthcare, workers and businesses

- EUR 15 billion package for healthcare system, vulnerable workers and businesses finance from national and EU resources
- Hiring medical staff, increasing intensive care units, purchasing supplies
- Some workers helped by cash stipends, extended UE benefits, paid leave, tax reductions, rent reductions for primary residences
- Businesses receiving subsidised loans, guarantees and interest payments and deferred payments of taxes and social security contributions
- Primary surplus target relaxed – further fiscal measures under consideration
- Eligible for ECB's Pandemic Emergency Purchase Programme of EUR750 bn

Key crisis response indicators

Support to employee salaries EUR 3 bn emergency support

Payment holidays for loans 3 months, for specifically affected firms and (months) individuals

VAT reduction From 24% to 6% for goods addressing the pandemic

External assistance Greece eligible for wider EU support, including EUR 37 billion from the Cohesion Fund and EUR 8 billion mobilized by EIB and the EU for working capital

Key short-term priorities

Provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable workers and other individuals

To learn more about EBRD's support to Greece visit: <https://www.ebrd.com/greece.html>

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