

Responding to the Coronavirus Crisis

Update on Greece (19/11/20)



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 from March 23rd to May 4th caused sharp halt to the steady economic recovery. Some normalisation from July 1st to Nov. 7th with international arrivals following EU advice. Rising Covid cases meant a new 3-week national lockdown was announced on Nov. 7th. Schools remain open, non-essential business are closed.
- Tourism (more than a fifth of GDP) heavily hit : Revenues from foreign tourism in Aug. 2020 amounted 30 to 35 per cent of those in Aug. 2019, and the industry expects heavy losses in 2020.

Selected crisis impact indicators

EBRD GDP growth outlook 2020: - 9.5 %
(Sept. 2020) 2021: 4.0 %

Economic sentiment October ESI 92.3
(October 2020): (up 2.8 points m/m)

Purchasing Managers Index October PMI 48.7
(October 2020) (down 1.3 points m/m)

Industrial Production -2.4%
(September 2020) (y-o-y)

Athens stock market 421.78
(Nov. 18th 2020) (up 25.42 points m/m)

Crisis response measures to date

Support for healthcare, workers and businesses

- EUR 24 billion package financed from EU and national resources for healthcare system, vulnerable workers and businesses finance 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 EUR 1,350 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/coronavirus>

Media enquiries: Olga Aristeidou, olga.aristeidou@ebrd.com

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