SPRING 2011 ECONOMIC OUTLOOK FOR GREECE: ANSWERS FROM SEV

MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	-4,2	-3,0
Consumer price inflation	4,7	2,4
Unemployment rate	12,1	14,6
Employment growth	-2,8	-2,7
Government net lending (% of GDP)	-9,6	-7,6
Gross public debt (% of GDP)	142,5	153,8
Current account balance (% of GDP)	-10,6	-7,9

Components of aggregate demand - in real terms

Annual % change		
Private consumption	-4,1	-4,6
Public consumption	-9,0	-8,5
Investment (Gross Fixed Capital Formation)	17,4	-7,5
Private non-residential investment	-7,8	0,0
Exports	4,9	1,1
Imports	4,0	1,0

ECONOMIC SENTIMENT

	Positive	*Negative*	*Unchanged*
Trend in business climate over the next 6 months	Industry		Services

	Positive	*Negative*	*Unchanged*
Trend in profitability over the next 6 months		Services	Industry

	Increase (faster pace)	*Increase (slower pace)*	*Unchanged*	*Decrease (slower pace)*	*Decrease (faster pace)*
Investment intentions over the next 6 months				*Industry* *Services*	

	Global demand	*Domestic demand*	*Cost of finance*	*Availability of finance*	*Company Profitability*	*Capacity Utilisation*
Influence on companies' investment decisions	positive	negative	negative	negative	negative	neutral

	Replacement	*Extension*	*Rationalisation*	*Innovation*
Driving force behind investment decisions in the next 6 months	positive	positive	neutral	positive

	Industry: past 6 months	*Industry: next 6 months*	*Services: past 6 months*	*Services: next 6 months*
Overall trend in employment	Down	Down	Down	Down

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

Compared to 6 months ago, cost/access to finance has been…	**sharply up / restrained**	**up / more difficult**	**same**	**down / easier**
for SMEs			Cost	
		Access		
for larger companies (>250 employees)			Cost	
			Access	

Over the next 6 months, cost /access to finance will be…	**sharply up / restrained**	**up / more difficult**	**same**	**down / easier**
for SMEs		Cost		
		Access		
for larger companies (>250 employees)		Cost		
			Access	

	Consolidation of banking sector balance sheets	***Access to capital markets***	***Engcouraging equity financing through tax reforms***	***Better use of existing EU instruments (including EIB)***	***Greater potential for Public-Private-Partnerships***
Measures to alleviate current financial difficulties for SMEs	Important effect	Very important effect	Important effect	Important effect	Very important effect

	Consolidation of banking sector balance sheets	***Access to capital markets***	***Engcouraging equity financing through tax reforms***	***Better use of existing EU instruments (including EIB)***	***Greater potential for Public-Private-Partnerships***
Measures to alleviate current financial difficulties for midsize and large companies	Important effect	Very important effect	Very important effect	Very important effect	Very important effect

POLICY MIX

	Tight, appropriate for the euro area	Tight	Appropriate	Loose	Loose, appropriate for the euro area
Monetary policy is…			yes		

	adequate	inadequate
Consistency between fiscal and monetary policies		yes

	excellent committment	satisfactory committment	neither satisfactory nor unsatisfactory committment	unsatisfactory committment	no clear committment creating an extremely worrying situation
Regarding the sustainability of public finances, government shows ...			yes		

	excessive focus	sufficient focus	neither satisfactory nor unsufficient focus	unsufficient focus	so far ignored
Exit Strategies					
Tight fiscal rules and more effective institutions				yes	
Greater efficiency of public administrations				yes	
Credible cost-cutting measures				yes	
Increased scope of public-private partnerships				yes	
Reform of pension systems			yes		
Improved efficiency of healthcare sector			yes		

	excessive focus	sufficient focus	neither satisfactory nor unsufficient focus	unsufficient focus	so far ignored
Entry Strategies					
More and better-targeted education and training				yes	
More and better targeted R&D and innovation efforts					yes
Prioritisation of infrastructure investments		yes			
Growth enhancing tax reforms				yes	

	respect the 3% limit	be in balance
In 2015, the government deficit will…	no	no