

Yannis Stournaras: The EBRD's Trade Facilitation Programme on financing foreign trade with Greece

Introductory remarks by Mr Yannis Stournaras, Governor of the Bank of Greece, at the European Bank for Reconstruction and Development (EBRD) information session on its Trade Facilitation Programme (TFP) on financing foreign trade with Greece, Athens, 15 September 2016.

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Ladies and gentlemen, distinguished guests,

It is a great pleasure to welcome you all here today to this information session on the Trade Facilitation Programme of the European Bank for Reconstruction and Development. I would particularly like to welcome today's speakers from the EBRD as well as representatives from the local banking community who will be participating in a panel discussion later on.

The importance of the Trade Facilitation Programme for Greece cannot be over-emphasised. One of the features of the Greek economy on the eve of the crisis was its lack of openness. Economics textbooks talk about the economics of "small open economies" in contrast to that of "large closed economies". Greece was best described as a "small closed economy" whose growth was largely driven by internal demand and, in particular, consumption. Exports and imports averaged 53 per cent of GDP in the period 2000-2009 compared to almost 70 per cent in the euro area as a whole. In 2008, the current account deficit had reached almost 15 per cent of GDP.

This unsustainable growth model has been changing through the crisis. The competitiveness gap, which had opened up post entry into EMU, was eliminated through internal devaluation. The current account deficit is now close to balance. Whilst the majority of adjustment in the current account since 2008 has come about through a fall in imports, exports of goods and services (excluding shipping) have increased by 27 per cent in real terms. Moreover, Greek goods export shares have increased significantly since 2010, especially vis-à-vis non-EU countries. Exports and imports as a percentage of GDP now stand at just over 63 per cent.

Crucial to continued rebalancing of the economy in this fashion is the provision of finance and, in particular, trade finance. The EBRD's Trade Facilitation Programme was developed precisely to facilitate international trade by providing guarantees to international commercial banks. The Programme can thus help to support Greek companies in their endeavours to increase their exports to traditional markets as well as to open up new markets.

I very much welcome this initiative by the EBRD to communicate the modalities of the Programme and how exporting and importing firms in Greece can benefit from it. I am sure that we will have a fruitful, informative and interesting discussion.