

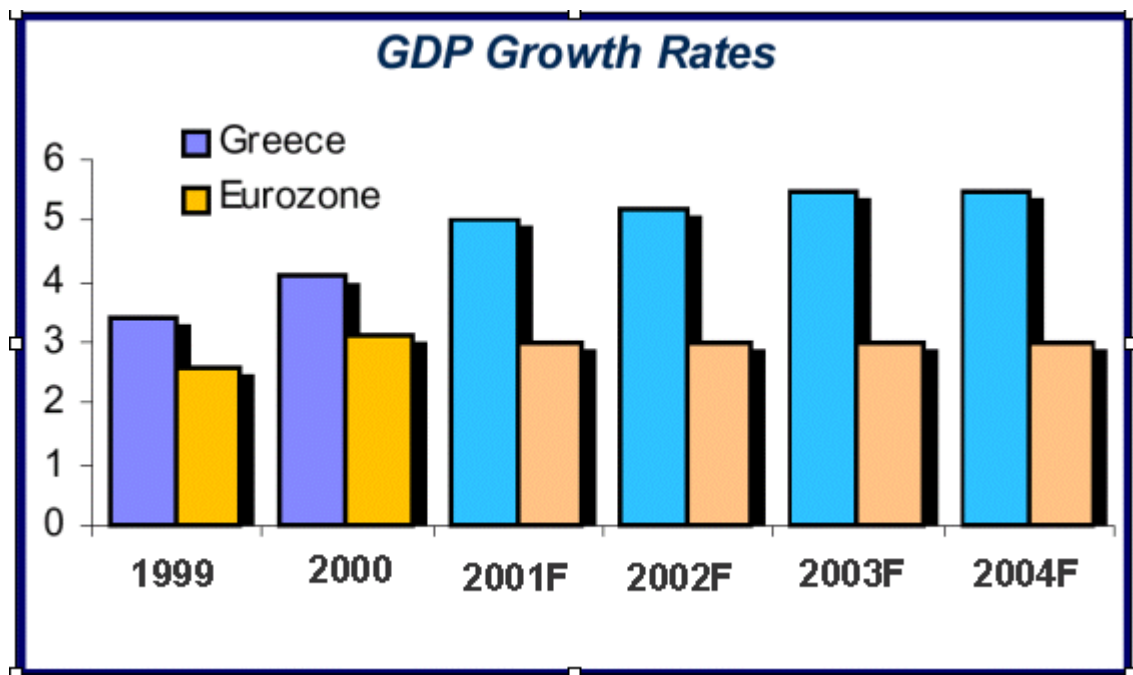


Greek Economy

Greece is expected to be the fastest growing economy in the European Union

Greece's entry to the European Monetary Union (EMU) in January 2001 was accomplished by the achievement of the economic targets that were set out at Maastricht. Greece is now expected to be the fastest growing economy in the EU over the next 3 years, averaging an annual GDP growth rate of 5.3 %.

Figure 1: Forecast GDP Growth Rate



Source: Ministry of National Economy and Finance

The Greek Government is fully committed to achieving “real convergence” which is being brought about by monetary and fiscal reforms, and by structural reforms that include deregulation and privatisation programmes. There are good reasons for Greece to deliver a robust performance for the years leading up to the Olympic Games in 2004:

- **Entry to EMU will encourage economic stability:** EMU convergence reforms have had a significant impact on growth and economic stability. The positive factors of Greece's entry into EMU include a low interest rate and inflationary environment, a decline in debt burden, tax reforms, as well as structural reforms.
- **Community support framework III:** Greece has been allocated a stimulus package of ECU 20 billion distributed up to the year 2006. A significant proportion of this funding will be allocated to the ‘INFORMATION SOCIETY’ programme.



- **Olympic Games in 2004:** The hosting of the Olympic Games is expected to contribute between 2.3-2.6 % towards the country's GDP in that year.
- **Greece is the primary gateway to the Balkan states:** Greece serves as a springboard for EU's extension into central and eastern Europe by virtue of its location and cultural understanding of the region which is coupled with practical experience of conducting business in the region. There is an existing network of 2,500 Greek companies that have initiated direct investment programmes or marketing agreements in the regional emerging markets. Thessaloniki, the capital of northern Greece, offers the financial and trading services needed in order to conduct business in the regional markets and is the seat for the Black Sea Trade and Development Bank.