

GREECE

The Greek economy grew by nearly 4.0% per year between 2003 and 2007, due partly to infrastructural spending related to the 2004 Athens Olympic Games, and in part to an increased availability of credit, which has sustained record levels of consumer spending. But growth dropped to 2% in 2008. The economy went into recession in 2009 and contracted by 2%, as a result of the world financial crisis, tightening credit conditions, and Athens' failure to address a growing budget deficit, which was triggered by falling state revenues, and increased government expenditures.

In May 2010, the International Monetary Fund and Eurozone governments provided Greece emergency short- and medium-term loans worth \$147 billion so that the country could make debt repayments to creditors. In exchange for the largest bailout ever assembled, the government announced combined spending cuts and tax increases totalling \$40 billion over three years, on top of the tough austerity measures already taken.

The contraction in the economy is in line with May program projections: GDP is expected to decline by 4 percent in 2010 and some 2½ percent in 2011. With no signs of second-round effects, inflation is expected to decline rapidly. In the fiscal area, the authorities have kept spending significantly below budget limits at the state level. In the financial sector, there has been a moderate deterioration in capital adequacy as nonperforming loans have increased in line with expectations. Impressive progress is being made on structural reforms.

Implementation of recent tax reform and budget reform is key in order to consolidate fiscal consolidation. Other reforms that are scheduled for early implementation are transportation, where important progress has already been made with liberalization of road haulage, and energy. Restoring competitiveness and boosting potential growth remains critical to the program's success.

At the beginning of 2007, Greece Railways, OSE was transformed into a holding company with the parent company and four subsidiaries covering the whole range of services which, up to the end of 2006, had been covered by OSE as the only company

in the sector. The sole shareholder of the four companies is OSE, whose sole shareholder is the Greek state. OSE's four subsidiaries are the National Administrator of Railway Infrastructure (EDISY), ERGOSE, Passenger and Freight Transportation Services (TRENSE) and GAIAOSE.

Extensions of Athens Metro network is financed by EIB, totals EUR 1.5 billion since 1994. The project consists of the design, construction and commissioning of four extensions to lines 2 and 3 of the Athens Metro comprising 13 km of underground tracks, 11 stations and 2 depots.

Background figures in railways (2009):

2,552 km length of lines

264 km electrified lines

15,272 x 1 000 passengers carried

1,414 x 1 000 000 passenger-km

3,429 x 1 000 tonnes carried

538 x 1 000 000 tonne-kilometres

Economics	2008	2009
GDP (current billions US\$)	350.3	329.92
GDP growth (annual %)	2	-2
Exports of goods and services (% of GDP)	23	-
Imports of goods and services (% of GDP)	32	-
Industry, value added (% of GDP)	20	-

Ease of Doing Business Rank 2010

World	rank 109
OECD	rank 27

