



An imperative for Growth

Horst Reichenbach
European Commission
Head of the Task Force for Greece

1. Greece at a turning point

- Fiscal consolidation: General government deficit reduced from -15,6% in 2009 to -3,2% in 2013; primary balance 0,8% of GDP
- Competitiveness gains through reduction of unit labour cost: -21,6% for the period 2009-2014
- Successful capital increases in the banking sector: 8,3 bn EUR from private investors
- Access to capital markets by the State, Banks and large cooperates
- Greece is improving in its business climate rankings (World Bank/OECD)

2. An imperative for growth

- Economic growth will be essential for rises in net income, for employment creation, for greater social equality, for a lighter fiscal burden and for a rebound in real estate values
- Efforts are needed from the public and from the private sector
- The financial sector has a particular responsibility in supporting growth

3. Growth policy priorities

- Investment is a pre-condition for growth
- Make Greece more attractive for investment: recent IOBE and OECD studies demonstrate the substantial potential growth impact of related measures
- Improve productivity by concentrating on Greek comparative advantages: several studies have identified promising sectors and their growth potential
- Improve access to finance, in particular for SMEs

4. SMEs: The backbone of the Greek Economy

- 85% of private employment is concentrated in SMEs
- An all embracing policy for SMEs is necessary to tackle taxation, bureaucracy, support and advice structures
- Most importantly, SMEs need access to finance

5. Challenges in SME financing

- Bank financing remains the main source of SMEs financing
- Important support by EU funds: 1,6 Bn EU used between 2007-2013 for FEIs
- Past financial instruments were not always appropriate to address SMEs needs suffering from lack of collateral and administrative complexity
- Efforts for other credible alternatives through capital markets are highly desirable

6. Way forward: Improve access to finance

- Improve design of financial instruments taking account of the lack of collateral
- Optimize support to SMEs by EU structural funds
- Simplify programmes/reduce red tape
- Improve the access to information
- Develop information centres, advisors, business angels
- Ensure functioning of the Institution for Growth
- Create innovative financing instruments
- Support capital market instruments and trading facilities adjusted to SMEs needs