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Highlights

- **March 24/25 EU Summit: Long-sought package of anti-crisis measures approved, but a number of important details are still to be finalized**
- **Final budget execution data shows sharp decline in budget revenues year-to-February; additional austerity measures worth ca €1.7bn likely to be implemented in 2011**
- **2010 general government budget deficit now estimated at ca 10.2% of GDP, instead of 9.6% of GDP expected earlier**
- **Medium-term fiscal plan deemed critical for macroeconomic stabilization**
- **Preparation of new privatization plan well under way**

March 24/25 EU Summit: Long-sought package of anti-crisis measures approved, but a number of important details are still to be finalized

As expected, EU leaders agreed last week on a range of important policy initiatives that will part of the comprehensive anti-crisis package announced at the March 11 Summit. There were no major changes to earlier proposed measures, but a number of operational modalities pertaining to the EFSF/ESM rescue mechanisms are still to be finalized. The recent political turmoil in Portugal, looming elections in Finland and the need to coordinate the adoption of the EMU anti-crisis package with the setting up of the permanent crisis resolution mechanism (ESM) were the main reasons behind the Summit's decision to postpone a final agreement on these issues to the end of June. By that time, the ratification by national parliaments of "limited changes" to the Lisbon Treaty will be finalized, enabling the formal operation of the ESM facility from mid-2013 onwards. Among the measures being officially approved at the March 24/25 EU Summit were:

i) Increase in EFSF's lending ceiling

In the face of mounting concerns that the current rescue mechanism might not have enough funds to bailout more EMU states facing severe funding problems, EU leaders agreed on an increase in the EFSF's effective lending ceiling to its full guarantee pool level of €440bn, from ca €255bn currently. However, there was no agreement on how the additional burden of the enlarged bailout fund will be shared among euro zone member states.

Pending issues

Reportedly, increased guarantees from AAA-rated states (rather than paid-up capital and/or callable capital) appear to be the most likely outcome. *(On a pro rata basis, guarantees currently stand at 120% of a country's share in ECB capital).* If so, new parliamentary proceedings will be needed. According to reports, Finland, which braces for general elections on April 17, was the only top-rated EU-17 country that blocked the decision on increased guarantees. Finnish Prime Minister Mari Kiviniemi, which saw her Centre Party falling to third place in most recent opinion polls, stated ahead of the March 24/25 EU Summit that her country wants to consider options other than higher guarantees as a way to increase the EFSF's lending ceiling. This was on the basis that an agreement between the Finish Prime Minister and other euro area leaders on this issue would constitute a "political suicide" at this point, given that the majority of Finnish people currently oppose an increase in the fund's bailing out capacity.

Meanwhile, Finland has already dissolved its parliament and cannot take any formal decision on the above issues until a new government is formed (expected no earlier than in May). Recent polls suggest that the eurosceptic party of True Finns, which has vowed to block any increase in Finland's commitments to the EFSF, looks set for a key role in the next government. If so, EU policymakers' efforts to finalize the anti-crisis package may face some new difficulties.

The abrupt resignation of Portuguese Prime Minister Jose Socrates on the eve of the March 24/25 EU Summit, after a new package of government austerity measures were rejected by parliament, also casts a shadow on the way to a final agreement on the anti-crisis package. Mr. Socrates attended the summit as a caretaker prime minister, not having the political authority - according to the country's constitution- to give his consent to any specific agreement on the above issues.

ii) ESM's capital structure

The overall subscribed capital of the permanent rescue mechanism (ESM) will reach €700bn. This will consist of €80bn in paid-in capital and €620bn in guarantees and callable capital. According to an agreement reached at the latest Eurogroup meeting, half of the €80bn part was to be paid in mid-2013, with the remaining amount being disbursed in equal annual installments over the following three years. However, Chancellor Angela Merkel demanded (and succeeded) to stretch out the timetable of these cash injections to 5-years, without any lump sum amount being contributed up front. Understandably, the German government prefers to pay €4.4bn annually over five years, instead of three annual payments of €3.6bn plus a lump sum of €11bn in 2013, which is an election year in Germany. One reason Mrs. Angela Merkel cited for this alteration is that her government hopes to deliver on a 2009 campaign promise for lower domestic taxes. The above decision regarding the timetable of cash injections to ESM was reached a couple of sessions ahead of the March 27 election in the key German state of Baden-Wuerttemberg, which saw Mrs. Merkel's centre-right Christian Democratic Union suffering a heavy defeat. The German Chancellor has already lost majority in the upper house of parliament, or Bundesrtat, where 16 states are represented, suggesting that the government's ability to pass legislation is being severely impaired. However, it is worth mentioning that smaller cash injections in the early years of the ESM's operation might leave the mechanism short of funds in case that a large euro area economy (e.g. Italy or Spain) ask for financial assistance; under the new agreement, only €16bn will paid in July 2013 as opposed to the €40bn originally announced.

The agreed ESM capital structure allows for an effective lending capacity of €500bn. Eurogroup Chairman Juncker clarified that ratings agencies have already been consulted and they "trust" the structure is sufficient to support the AAA-ratings of the bonds the mechanism will be issuing.

The contribution of each member state in the total subscribed capital of the ESM will be based on its respective share in the paid-in capital of the ECB. Specifically, AAA-rated states - Germany, France, Netherlands, Austria, Finland, Luxembourg - will contribute a total of €406.5bn (=€360bn in the form of guarantees and callable capital + €46.5bn in cash payments). On the other hand, countries with per capital GDP less than 75% of the EU average will receive a discount in the first 12 years after their entry in the euro area (existing members such as Slovakia and Estonia also fall under this discount rule). Those countries will contribute according to the following formula: ESM share = ECB key share - 0.75 * (ECB key share –GNI share). Undoubtedly, the new formula benefits poorer EU countries and thus, removes a potential source of uncertainty related to the national ratifications of the EU anti-crisis package. Note that the existing capital structure was deemed as unfair by several smaller EU countries. Under the current arrangement, guarantees provided to the EFSF by euro area member states are equivalent to 120% of their respective share in the ECB capital.

iii) Increased ESM/EFSM flexibility

The ESM will be allowed to provide loans to member states facing severe funding problems, provided that such financial assistance is deemed indispensable for safeguarding the "financial stability of the euro area as a whole". Aiming to discipline fiscally-vulnerable borrowers and address moral hazard issues, Eurozone leaders clarified that any such decision will be taken unanimously by EMU member states (vs. less important decisions that will require

qualified majority of 80%). Financial assistance will require a sovereign borrower to implement a comprehensive macroeconomic adjustment program that will be agreed upon with and monitored by the European Commission and the IMF, in liaison with the ECB. The programme will then have to be approved by the EU Council. The above hold provided that the country in financial need has been assessed as capable to service its debt in the long term.

For countries deemed to be on an unsustainable fiscal path, getting "credible private sector involvement" is a pre-condition to ESM support. Under such a scenario, a country will need to negotiate a comprehensive restructuring plan with its private-sector creditors, aiming to restore debt sustainability. However, debt restructuring in the form of haircuts, debt duration extension or /and interest rate reduction remains a *last resort* solution. Specifically, the agreement reached at the March 24/25 EU Council read that "measures reducing the net present value of the debt will be considered only when other options are unlikely to deliver the expected results". As a result, the ESM will be in a position to provide liquidity assistance, only when the country's debt burden has been reduced to a sustainable level.

To maximize the cost efficiency of their support, both the ESM and the EFSF may also *exceptionally* intervene in the primary sovereign debt markets, outrightly purchasing government securities. Circumstances and conditions under which this might take place, were not elaborated.

In line with the Eurogroup statement on November 28, the ESM will be granted seniority - i.e. private investors will get paid last in the event of a default- being junior only to IMF loans. The EU Heads' written statement also specified that ESM seniority "shall be effective as of July 1, 2013 without prejudice to the terms and conditions of any other agreement provided under the EFSF and the Greek facility", suggesting that EFSF legacy loans might not be graded seniority. As was also agreed in late November 2010, the new mechanism introduces Collective Action Clauses (CACs) aiming to reinforce market discipline for lax borrowers and help preventing "moral hazard". The agreement clarified that "the creditor status of sovereign debt will not be affected by the inclusion of the CAC's" and "will not imply a higher probability of default".

iv) Pricing structure of ESM loans clarified

The ESM will be ale to lend at fixed or variable rates. The pricing of ESM loans, in line with IMF pricing principles, will be based on the Fund's funding costs plus a charge of 200 basis points. For loans beyond a three year maturity, the charge will increase to 300 basis points. The pricing structure will be reviewed periodically.

Euro area heads of state also reached a basic agreement to lower the interest rate charge of EFSF loans to fiscally-vulnerable member states. The rational behind this decision was to a) better take into account debt sustainability of recipient EMU countries and b) align loan charges with the IMF pricing policies. However, no exact pricing formula for EFSF loans was provided.

v) EU heads of state agreed on "Euro Plus Pact"

EU leaders also formally approved a package of policy initiatives, aiming to expand economic policy harmonization and enhance competitiveness. Besides the 17 euro members, six EU states – Bulgaria, Denmark, Latvia, Lithuania, Poland and Romania- joined in backing the now-called Euro Plus Pact. The pact provides a concrete list of objectives euro area member states should pursue:

a) foster competitiveness by e.g. aligning wages with productivity developments and implementing competitiveness-enhancing reforms

b) foster employment via increased labor market flexibility and tax reforms

c) contribute further to the medium-term sustainability of public finances by aligning the pension system with national demographic trends, limiting early retirement schemes and using targeted incentives to employ old workers and

d) reinforce financial stability through legislation on banking resolution and regular bank stress tests.

The Pact does not state explicitly how these objectives will be met. Participating member states will pursue these objectives within their own policy frameworks, taking into account their specific challenges. All member states' measures have to be included in respective Stability or Convergence Programmes as well as National Reform Programmes. On that basis, the Commission will present its proposals and recommendations for each country before the June European Council (in line with the so-called European Semester).

vi) Modifications to the SGP, with a view to enhance fiscal discipline

To protect against moral hazard and enhance the surveillance of fiscal policies, the EU Council's latest agreement included modifications to the Stability and Growth Pact. Opening the way for negotiations with the European Parliament, EU leaders decided the following,

a) financial sanctions can be imposed six months after an excessive deficit proceeding has been launched if the country in question has not taken sufficient steps to address its fiscal problems

b) financial sanctions can be imposed on a country that deviates from the consolidation course laid down in the stability

programme, even if its budget deficit stands below the 3.0%-of-GDP threshold

c) If a country's debt-to-GDP ratio is over 60% and it is falling too slowly sanctions could be also imposed; countries that have a debt ratio above the EU limit of 60%-of GDP should reduce it by 1/20 of the amount above 60% each year.

vii) Plans to deal with banks demonstrating vulnerabilities in stress tests

A second round of EU bank stress tests, already under way and scheduled to run until June, will be conducted under the newly-established European Banking Authority (EBA). According to EBA, the tests are based on two main scenarios; a baseline and one envisioning a more adverse macroeconomic trajectory.

The *base line scenario* will incorporate three main elements; namely, **a)** a set of EU-related shocks, mostly tied to the persistence of the ongoing sovereign debt crisis, **b)** a negative global demand shock originating in the US and **c)** a 11% US dollar depreciation vis-à-vis all currencies.

The *adverse scenario* includes

a) a 0.4% contraction in Eurozone GDP in 2011 (compared with a 3.0% drop assumed in the 2010 stress tests) and growth in 2012. That incorporates a 4.0% contraction in Greek economic activity, a 3.0% contraction in Portugal's real GDP and a 1.1% contraction in Spain's real GDP both this year and the next

b) a 14% drop in European stock markets

c) a 66bps rise on average in long-term interest rates across the EU

d) a 125bps increase in short-term interbank financing costs

e) a 3.8% decline in real estate values this year and 11.6% next year across the EU

f) increase in EU unemployment to 10.0% in 2011 and to 10.5% in 2012, including a rise next year to 22.4% in Spain and to nearly 16% in Ireland and Greece.

g) The test assumes a fall in the price of government bonds, which will be applied to assets in trading books. These "haircuts" will apply to government bond fair values at the end of 2010. The haircut for 10-yr sovereign bonds is 19.8% for Portugal, 14.6% for Spain, 13.1% for Italy, 3.5% for Germany and 17.1% for Greece. Banking book assets, which are regarded as longer term holding, will not be subject to haircuts.

The EBA announced that the banks to be tested represent more than 60% of total EU banking assets and at least 50% of the banking sector in each state (the list of banks subject to examination has not yet been announced, but is expected to be about 88 compared to 91 last year). One crucial element that is still unknown is the minimum capital ratio banks need to maintain under both scenarios so as to pass the stress tests. Overall, the tests are designed to incorporate an economic shock that could statistically occur once every 33 years, compared to the once-in-20-years scenario in last stress tests conducted in June 2010. This year's stress tests criteria are supposed to be tougher compared to those adopted at the first round of stress tests. Bear in mind that at the first round of stress tests last summer, only seven of 91 tested banks failed and the two Irish banks that passed, had to be rescued soon after.

Final budget execution data shows sharp decline in budget revenues year-to-February; additional austerity measures worth ca €1.7bn likely to be implemented in 2011

According to final data released by the General Accounting Office (GAO), central government budget deficit reached ca €1,024 mn year-to-February 2011. This was slightly better than the official state deficit target for the first two months of this year (€1,079 mn), but ca 8.5% yoy higher than the corresponding deficit in the respective period a year earlier. Note that for the current year as a whole, the budget law envisions a 3.9% yoy reduction in the central government deficit to €19,806 mn

The state deficit realization in the first two months of this year was primarily driven by a 9.1% yoy drop in net ordinary budget revenues. The latter fell short of the corresponding 2011 budget target by €0.9 bn. Total tax receipts declined by €1.3 bn or 2.3% relative to the same period a year earlier. This was the result of **a)** the non repetition of the January 2010 extension of the payment period for road duties (€0.4 bn), **b)** lower receipts from an extraordinary tax on profits of large companies (€0.1 bn) and **c)** lower withholding personal income tax receipts in January-February 2011. On more positive note, VAT revenues increased by €0.2 bn or 7.4% yoy. Specifically, VAT revenues from fuel and other goods increased by 29% yoy and 6.6% yoy, respectively; on the other hand, VAT revenues from tobacco products decreased by 36.5% yoy.

On the expenditure side, ordinary budget outlays in January-February 2011 increased by 3.3% yoy, mainly as a result of an allocated amount of €0.4 bn for the settlement of past hospital debts. On the other hand, primary and interest expenditures declined by 0.1% yoy and 1.3% yoy, respectively. Finally, Public Investment Budget (PIB) revenue increased by 354.5% yoy (or €0.5 bn) year-to-February, which compares with a 27.7% targeted increase form the current year as a whole. PIB expenditure over the corresponding period fell by €0.5 bn; a decrease of 67.9% yoy compared to an annual target of 0.6% increase.

According to press reports, the negative trend in budget revenues continued in March 2011. As a result, the government has already signaled that additional measures worth ca 1.7ppts-of-GDP may be announced soon, so as to facilitate attainment of this year's overall deficit target of 7.4%-of-GDP (ESA 95-terms). Reportedly, these would include, among others, the front-loading of a number of measures that were expected to become effective no earlier than in 2012 (Single Payment Authority in the broader public sector to become effective from H2 2011, i.e., six months earlier than envisioned earlier).

Ordinary Budget	Jan-Feb 2011 (€bn)	Jan-Feb 2011 (%YoY)	2011 Budget Jan-Feb 2011 (€bn)	Annual target (%YoY)
1. Net Revenues (a-b-c)	7.95	-9.1	8.81	8.5
a. Gross revenue	8.52	-10.1	9.34	5.6
b. NATO revenues	0.00		0.00	207.7
c. Tax returns	0.58	-21.9	0.53	-23.7
2. Expenditure (α+β+γ+δ+ε+στ)	9.32	3.3	9.04	6.6
α. Primary expenses	8.11	-0.1	8.16	1.9
β. Transfer to hospitals for the settlement of part of past debt	0.35		0.08	19.9
γ. NATO expenditures	0.00		0.00	73.9
δ. Military equipment expenditure	0.00		0.05	57.3
ε. Forfeiture of Government	0.01	-87.8	0.02	0.0
στ. Interest costs	0.86	-1.4	0.72	20.4
Public Investment Budget (PIB)				
3. Revenue	0.60	356.4	0.00	27.7
4. Expenditure	0.26	-67.9	0.85	0.6
5. Budget deficit (-) or budget surplus (+) (1-2+3-4)	-1.02	8.5	-1.08	-3.9

Source: Ministry of Finance

2010 general government budget deficit now estimated at ca 10.2% of GDP, instead of 9.6% of GDP expected earlier

According to recent press reports, Greece's 2010 general government budget deficit has likely exceed the 9.6%-of-GDP projection envisioned in the latest update of the EU/IMF economic adjustment programme (March 2011). Reportedly, this was mainly the result of significant revisions to Greek pension fund accounts, which are now estimated to have recorded an overall deficit of €0.5bn last year, instead of a surplus of €0.9 bn expected earlier. Greek MinFin officials have so far declined to comment on these developments, purportedly waiting for Eurostat's upcoming EDP data notification. If confirmed, an upward revision to Greece's 2010 deficit would add to the government's fiscal challenges. This is especially as the government is purportedly considering additional measures worth ca €1.7 bn this year, aiming to prevent an possible overshooting of the 2011 fiscal target due to lower than projected budget revenue.

Medium-term fiscal plan deemed critical for macroeconomic stabilization

The government's medium-term fiscal plan for the period 2012-2015 is currently under preparation. A first draft for public consultation is expected by early April 2011. The medium-term plan envisions a reduction in the general government budget deficit to just €3bn by 2015, from ca €17 bn expected in 2011. The plan is expected to be finalized and pass Parliament by May 2011.

Note that a new EC/ECB/IMF mission is scheduled to arrive in Athens in the following days in order to assess observance of the stabilization programme's targets and evaluate the government's medium-term fiscal and privatization plans (*see paragraph below*). According to Minister of Finance George Papaconstantinou, around two-thirds of the €22 bn targeted deficit reduction in 2012-2015 will come from spending cuts with the remaining part being generated via revenue-side measures. The budget deficit targets for the coming years will reportedly be as follows: 6.4%-of-GDP in 2012; 4.8%-of-GDP for 2013 and 2.6%-of-GDP in 2014. Furthermore, the government committed itself to reduce the 2015 budget deficit to levels below 1%-of-GDP.

According to press reports, the medium-term fiscal plan will include, among others, the following measures: **a)** abolishment of various tax exemptions, estimated to boost revenues by 3ppts-of GDP (or €6.9 bn), **b)** better targeting of social spending based on income criteria, aiming to cut expenditure by 1.5ppts-of-GDP (or €3.5 bn), **c)** reform of the public sector's wage cost structure via the implementation of a Single Payment Authority, a simplified remuneration system and the adoption of a 7:1 rule for new

recruitments instead of the present 5:1 rule. The latter measures are expected to yield some 2ppts of GDP (or €4.6 bn), **d)** further wage and pension cuts as well as recruitment freezing in state-run public organizations (DEKOs), aiming to cut spending by 1.25ppts-of-GDP (or €2.9 bn), **e)** closure of public sector entities deemed as unnecessary, **f)** lower military spending of 1ppts-of-GDP (or €2.3 bn) per year, **g)** health care sector reform aiming to reduce spending by a further 1pptof-GDP (or €2.3 bn), and **h)** public investment program cuts.

Preparation of new privatization plan well under way

In line with the March 11th EU Summit announcements as well as the requirements of the 3rd review of the EU/IMF adjustment programme for Greece, the government is preparing a €15bn detailed plan of privatizations and utilization of state assets for the period 2011-2013. *(Note here that the 50 bn revenues from privatizations reported in the 3rd review of the EC/ECB/IMF adjustment programme for Greece refer to the 2011-2015 period).* The plan will reportedly be unveiled in the immediate period and approved by the Council of Ministers by end of July 2011. Among others, the plan is expected to cover the following areas **a)** public real estate development, **b)** restructuring of the railroad sector and development of its real estate property, **c)** concession agreements for regional airports and extension of present concession agreement for the Athens International Airport, **d)** sale of a stake in the post office, **e)** sale of stakes (and, potentially, transfer of management to private investors) in a number of water utilities, **f)** sale of gaming licenses, **g)** privatization of the state lottery and state-owned casinos, starting with a full privatization of Casino Mont Parnes and **h)** reform and privatization of the state-controlled energy sector starting with the Public Gas Corporation (DEPA). Note that the government has already announced a number of financial and legal advisors for its privatization plan.

According to the Greek finance ministry, the real-estate development plan will be completed gradually. The government has committed to prepare a first list of commercially viable real estate assets by the end of March 2011. According to press reports this list will include the following assets:

- Land lots in Kimis Av. Kifisias Av, and Neratziotisa district in Athens metropolitan area (105,6 acrs)
- Land lot in Vouliagmeni Harbor area for touristic development (47 acrs)
- Land lot in Kala Nera Magnisias (152 acrs) for touristic development
- Estate in Skala Kotina Pierias (427 acrs) for touristic development
- Land lots in Lavrio around Attiki Odos (30 acrs)
- 12 land lots in Methana

Estate in Anavissos, Attiki for touristic development (1487 acrs)

- Land lots in Micra, Thessaloniki (600 acrs)

Estate by the sea in Nestos river delta (7990 acrs) for touristic development

- Estate in Afantou, Rhodes for touristic development. One of the few Greek golf courses currently operates in the specific estate (1500 acrs).
- Estate in the Antirio (223 acrs)
- Estate in Lindos, Rhodes (105 acrs)
- Estate by the sea in Ermioni, Argos (153 acrs)
- Estate in Archangelos, Rodes (410 acrs)
- Estate in Prasonisi, Rhodes
- Land lots in Evoia (700acrs)
- Estate in Thermi, Thessaloniki (1300 acrs)
- Estate in Vathi, Samos (939 acrs)
- Estate in Gournes, Crete (750 acrs)
- Estate in Sithonia, Chalkidiki

A more detailed inventory of state assets will be unveiled by the end of this year. The creation of a Real Estate Development Fund was also announced. Ownership of public real estate assets will be transferred from various state entities to the newly-created fund that will be responsible for their development. Note that the joint-ministerial meeting of March 23rd also announced that the legal work for the preparation of a new framework for the long term lease of public property. This is the first time since 1946 that such a framework will became operational in Greece. Prime Minister George Papandreou said recently that an initial development plan for the old Athens International Airport (Helliniko) will be completed by the end of March 2011.

Table1: Greece-Key Indicators	Last	ytd	2009
Macroeconomic indicators			
GDP growth (%YoY)	-6.6 (Q4 10)	-4.5	-2.0
CPI	4.4 (Feb 11)	-2.0	4.7
Unemployment growth	14.8 (Dec 10)	45.1	1.3
Labor Cost (%YoY)	-4.2 (Q4 10)	-4.2	3.6
Economic Sentiment (%YoY)	78.4 (March 11)	6.4	76.3
Consumer-vigor indicators			
Private consumption in constant prices (% YoY)	-8.6 (Q4 10)	-8.6	-2.2
Retail sales excl. fuels & lubricants volume (% YoY)	-18.7 (Jan 10)	-15.8	-0.7
New private passenger car registrations (% YoY)	-49.1 (Feb 11)	-20.7	22.0
Consumer confidence (index level - period average)	-66.2 (March 11)	-66.8	-45.7
Retail trade expectations (index level - period average)	-27.7 (March 11)	-24.9	-15.4
Industrial-activity indicators			
Industrial production (% YoY)	-5.1 (Jan 11)	-8.1	-17.4
Capacity utilization in industry (index level -period average rate)	68.0 (Feb 11)	68.4	70.5
Industrial confidence (index level - period average)	-15.6 (March 11)	-25.4	-28.1
Manufacturing PMI (index level - period average)	42.8 (Feb 11)	42.8	45.4
Construction sector & other investment-activity indicators			
Cross fixed capital formation in constant prices (% YoY)	-7.6 (Q4 10)	-7.6	-15.1
Housing investment in constant prices (% YoY)	-18.5 (Q4 10)	-18.5	-23.0
Other construction in constant prices (% YoY)	35.3 (Q4 10)	35.3	-16.7
Private building permits volume (% YoY)	-31.4 (Nov 10)	-39.9	-22.6
Construction confidence (index level - period average)	-67.8 (March 11)	-64.9	-39.5
Balance-of-Payments statistics *(euro-terms)*			
Tourism revenues (% YoY)	14.1 (Jan 11)	13.6	-10.2
Transportation revenues (% YoY)	-2.3 (Jan 10)	-8.3	-7.9
Customs-based statistics *(€ - terms)*			
Goods exports (% YoY)	39.9 (Jan 11)	-23.5	-3.2
Goods exports to EU (% YoY)	19.6 (Jan 11)	-17.0	4.2
Goods exports to non-EU countries (% YoY)	80.2 (Jan 11)	-30.1	-14.4
Goods imports (% YoY)	-5.1 (Jan 11)	-5.4	1.0
Goods imports from EU (% YoY)	-7.0 (Jan 11)	-13.3	-7.8
Goods imports from non-EU countries (% YoY)	-3.3 (Jan 11)	15.3	1.1
Domestic MFI credit to domestic enterprises & households *(oustanding balances)*			
Private sector (% YoY)	-0.3 (Feb 11)	-0.4	1.5
Enterprises (% YoY)	0.9 (Feb 11)	-0.3	1.0
Households (% YoY)	-1.6 (Feb 11)	-0.5	1.9
Housing loans (% YoY)	-1.1 (Feb 11)	-0.5	3.7
Consumer credit (% YoY)	-4.2 (Feb 11)	-0.6	-1.6
Private-sector credit outstanding (% GDP) *			
Total domestic enterprices & households	113.7 (Feb 11)	-	106.6
Domestic households	51.9 (Feb 11)	-	50.2

Source: Hellenic Statistical Authority, Bank of Greece, ECOWIN
* IMF's nominal GDP projection for 2011 was used. The respective number is €225.7 bn

Table 2: EC/ECB/IMF Baseline Scenario								
	2009	2010	2011	2012	2013	2014	2015	2020
GDP Growth (%)	-2.0	-4.5	-3.0	1.1	2.1	2.1	2.7	3.0
GDP deflator (%)	1.5	2.3	1.6	0.4	0.8	1.2	0.6	1.8
Nominal GDP (€ bn)	235.0	229.0	226.0	229.0	236.0	244.0	252.0	315.0
Current Account (% GDP)	-11.0	-10.5	-8.2	-7.1	-6.6	-5.5	-4.4	----
Interest Rate (%)	4.8	4.9	4.6	5.0	5.4	5.7	5.7	5.9
Bund Rate (bps)	----	225.0	275.0	350.0	350.0	350.0	350.0	350.0
Spread over Bund (bps)	----	550.0	525.0	350.0	300.0	300.0	300.0	250.0
Interest Expense (€ bn)	12.4	14.6	15.1	17.3	19.7	21.2	21.4	23.7
Interest Expense (% GDP)	5.3	6.4	6.7	7.5	8.3	8.7	8.5	7.5
Primary Expenditure (% GDP)	47.9	43.5	44.0	41.7	38.5	33.2	32.2	30.5
General Government Revenue (% GDP)	37.8	40.4	43.1	42.8	42.0	39.3	38.5	36.5
Primary Balance (% GDP)	-10.1	-3.2	-0.9	1.0	3.5	6.0	6.3	5.9
General Government Deficit (% GDP)	-15.4	-9.6	-7.5	-6.5	-4.8	-2.6	-2.1	-1.6
General Government Deficit (€ bn)	-36.2	-22.0	-16.9	-14.9	-11.3	-6.3	-5.3	-5.0
General Government Debt (% GDP)	127.0	143.0	153.0	159.0	158.0	154.0	151.0	130.0
General Government Debt (€ bn)	298.0	327.0	345.0	364.0	373.0	375.0	381.0	409.0

Source: 3rd Review of the EC/ECB/IMF Adjustment Programme for Greece

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