

## Press Release

### **Euler Hermes: Offense the best defense in driving Greece recovery**

**ATHENS – 21 OCTOBER, 2014** – [Euler Hermes](#), the worldwide leader in [trade credit insurance](#), today held its 2014 International Trade Observatory summit in Athens. Its chief economist and senior executives shared their analysis of the prevailing economic conditions in Europe and outlined key elements that could drive Greece's efforts to revive its economy.

#### **Economic inertia for Europe (and globally)**

"With the global economy showing signs of inertia, and many regions facing increased political risk, we could expect a cheaper euro, fiscal reforms and, perhaps, a wide initiative that would resuscitate public investment programs across Europe – similar to the Marshall Plan concept after WWII," said Ludovic Subran, Euler Hermes chief economist.

Global GDP growth is expected to pick up slightly in 2014 (+2.5%), though the pace of the recovery would remain below 3% for the fourth consecutive year. Within Europe, the Eurozone continues its fight against deflation, while domestic demand remains weak and downside pressures are building on both product and services prices. Europe will be forced to find ways to allow its economies to wear the mantle of growth, without excluding the possibility of adopting some form of credit or quantitative easing in the near future.

#### **Greece 2.0: Time for a rebound**

In Greece, GDP is expected to remain flat in 2014 and 18% below the Q1 2008 peak, but should begin to grow in 2015 (+1.5%) due to renewed business and investor confidence. Given the fragile state of the banking system, credit to non-financial corporations continues to contract. The announced ECB measures are expected to give some relief from Q1 2015, with further broad-based actions expected in the first half of 2015. The private sector is showing signs of slow recovery but corporate profitability is expected to remain weak. The number of days required to collect on delivered goods (Days Sales Outstanding – DSO) remains two to three times the EU average, and business insolvencies are three times higher than the 2007 domestic level. It should start slightly decreasing by 2015 (-4%). The trade deficit has improved dramatically since 2009; however, this has been achieved mainly through the contraction of imports rather than the expansion of exports.

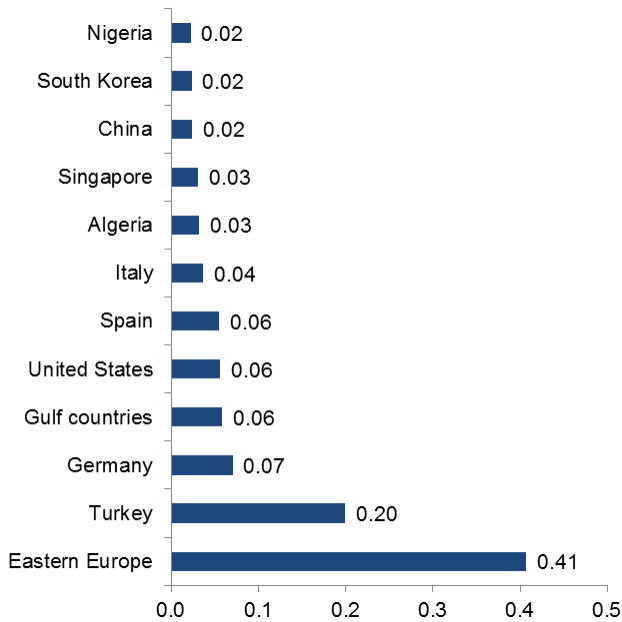
"Offense is the best way to defend our economy," said Vassili Christidis, Euler Hermes Greece CEO. "Following six consecutive years of recession, it is imperative that Greece now identify those areas that can become the drivers of an economic rebound."

#### **Export Opportunities**

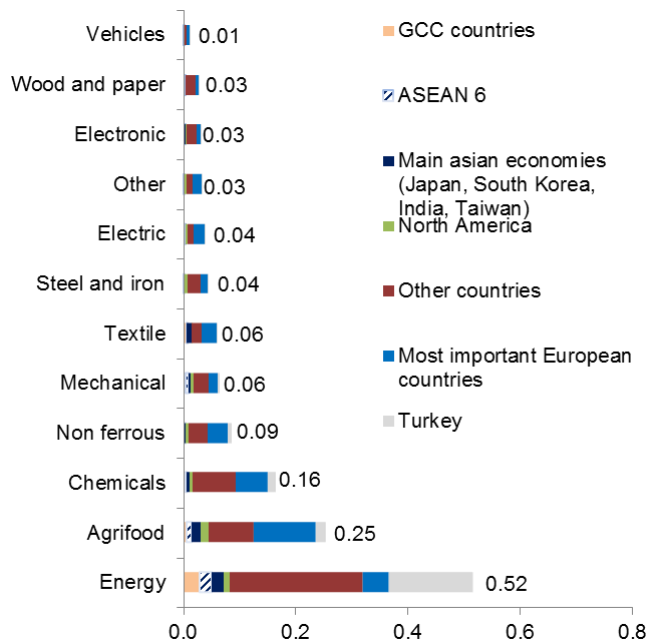
Greek exports outside Europe have taken the lead since 2012 and new global opportunities are emerging. In 2015 Euler Hermes forecasts € 1.3bn of additional demand from Greek trading partners.

"Agri-food, chemicals and energy are highest among the sectors that have the potential to increase their global market share," said Ludovic Subran. "In many export sectors, Eastern Europe and Turkey are expected to continue driving Greece's export growth, while improved costs and pro-business policies can further boost these efforts. Services account for 60% of exports, particularly tourism and sea transport, and could be considered a 'wildcard' in terms of further growth potential."

**Potential export gains for Greece in 2015 from main export markets (EURbn and based on import growth of each partner)**



**Potential export gains for Greece in 2015 by sector and country (EURbn)**



Sources: Chelem, Global Insight, Euler Hermes

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Established in 1995, Euler Hermes Greece employs 50 people at its Athens headquarters and in the Thessaloniki office. It serves the market with a range of trade [credit insurance solutions](#) and [debt collection services](#). Greece is part of the Euler Hermes Mediterranean Countries, Middle East and Africa region, along with GCC countries, Israel, Italy, Morocco, Portugal and Turkey.

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