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Ομιλία του Υπουργού Οικονομικών κ. Χρήστου Σταϊκούρα στην εναρκτήρια τελετή του Circle the Med Forum 2022

I would like to congratulate the organizers, contributors and supporters of “Circle the Med, The Mediterranean Forum 2022”, and especially the Forum’s President, Mr. George Kremlis, for this stimulating Post COP27 event.

An event which, I believe, will provide us all with an excellent opportunity to exchange views and highlight critical issues concerning the Mediterranean and its future.

The Mediterranean has been an influential crossroad of civilizations across the centuries and an area of high social, economic, political, environmental and geographical importance for Europe, and for the world.

This year’s UN Climate Change Conference – COP27 – has been hosted by Egypt, also a fellow Mediterranean country.

This, I believe, further signals the influential role of our region in promoting the climate sustainability agenda.

Especially considering that these are times of long-term uncertainty: the climate emergency, paired with the international pandemic and – more recently – an acute energy crisis have shaped an environment of increased and multi-dimensional challenges.

This is even more evident for the Mediterranean countries, situated in this geopolitically sensitive part of the globe.

We are at a time in history when challenges need to be addressed with solidarity, efficiency and ambition.

In this respect, four critical policy pillars can be highlighted, particularly for our region:

1st pillar: Continuing and strengthening efforts towards safeguarding recovery from the pandemic, while aiming at achieving sustainable and inclusive growth.

2nd pillar: Responding to the climate crisis through coordinated policies.

3rd pillar: Tackling challenges emerging from the international energy crisis, by shielding our economies from very high and volatile fossil fuel prices.

4th pillar: Safeguarding peace, security and stability throughout the Mediterranean Sea.

With respect to the first mentioned pillar, Greece has achieved 6 important milestones:

1st. Our economic activity maintains its growth momentum and trajectory, achieving a V-shaped recovery in 2021, and high growth, of the size of 5.6% in 2022.

2nd. Our economic growth is combined with the improvement of the quality of the GDP, which gives sustainability to economic growth and constitutes a valuable springboard for further strengthening our country.

The positive course of investments was recently confirmed by the OECD through its own study, while the European Commission also estimates that our country will be a “champion” in Europe in the next three years.

All these developments are making Greece a more structurally resilient and extrovert economy.

3rd. Greek labor market developments have been positive.

Unemployment continues its decline, being at the lowest level since February 2010, labour inactivity falls, employment increases by 15% more than the size of inactivity reduction, while the reduction in unemployment rate among women and youth is more pronounced than the reduction in headline unemployment rate.

4th. Our banking sector has made marked progress.

The NPL ratio has been reduced from 41% of total loans at the end of 2019, to 10% in June 2022.

Deposits have increased by 49 bn euros since June 2019.

5th. Public finances have resumed their improving trajectory.

Both the budget balance and public debt are recording a significant decline.

Indeed, public debt to GDP ratio declined by 12 percentage points in 2021, the strongest one-year reduction ever recorded in the history of the Eurozone.

We also expect further improvement of our public finances in 2022, with the primary deficit shrinking to 1.6% of GDP, and the debt to GDP figure falling by another 26 percentage points!

Further improvement by 10 percentage points is projected for 2023.

We also project primary surplus for 2023.

6th. The Greek sovereign has been upgraded 11 times in the last 3 years, including 4 upgrades in 2022, following the war’s onset.

Moreover, as from August 20th, 2022 and after more than ten years, Greece has returned to normal European surveillance.

However, all these significant national achievements don’t mean there is room for complacency on the other 3 priority pillars.

Greece has been addressing this historically unique mix of challenges of the last 3 years by systematically aligning our economic policy with climate targets.

The spiking energy prices of the last period obviously present additional challenges, by deteriorating the disposable income, especially for households and SMEs, impacting – as well – national budgets and, ultimately, the overall macroeconomic environment.

As a member of the Coalition of Finance Ministers for Climate Action, during COP27, Greece stressed the fact that our approach should seek to both serve the green transition and enhance our energy security.

In this framework, it is more important than ever to actively promote sustainable investment as the key in unlocking the green transition of our economies.

Greece 2.0, our National Recovery and Resilience Plan, is already under implementation, including a broad sustainable investments portfolio, which represents 37% of its total budget and is to be further enhanced under the RePower EU scheme.

Additionally, since 2020, Greece has been continuously accelerating the mainstreaming of climate into our fiscal policy, especially through the incorporation of climate considerations into our performance budgeting framework.

The green budgeting system which we are designing in collaboration with OECD is being gradually implemented and is expected to effectively support the incorporation of our national climate goals into the different stages of the state budget process.

For this purpose, in 2022, a dedicated green budgeting inter-ministerial working group, under the Ministry of Finance's coordination, focused on designing the appropriate methodology, based on international best practices.

As a result, the 2023 State Budget features explicit green tagging references on the climate footprint of state budget spending.

However, apart from the necessity of redirecting dedicated public funds, it is the private sector – including the financial sector – that holds a critical role in closing the sustainable financing gap.

The Greek Ministry of Finance, in collaboration with the European Commission, is working towards implementing a coherent Sustainable Finance Strategy, and has set up a dedicated High Level Working Group on Sustainable Finance and Green Economic Transition, with the participation of the national regulatory authorities, academic experts and institutional representatives from the private sector.

Our effort focuses on efficiently adopting the new European sustainable finance framework, while properly addressing the particular financing needs of the Greek economy.

Ladies and Gentlemen,

The energy crisis we are currently facing, is producing significant economic, social and geostrategic challenges.

However, it has also acted as a wake-up call on a European – as well as on a national – level, as to the fact that successfully implementing the energy transition is the only safe path towards energy independence.

And Greece is already a leader at taking this safe path: in early October, we reached a major milestone when, for 5 hours, our electricity needs were covered exclusively by solar and wind.

With about half of our electricity coming from Renewable Energy Sources, our country ranks within the world's top ten, in terms of wind and solar penetration in our energy mix.

Moreover, Greece is being transformed into an energy hub for Southeast Europe and the Mediterranean region.

From the newly operational Trans Adriatic Pipeline to the newly inaugurated IGB, Greece is at the center of a growing, European Union-supported network of natural gas pipelines, stretching from the Caspian Sea to Central Europe.

Meanwhile, new significant investments in LNG storage signal Greece's role as a significant gas import gateway for the region.

Ladies and Gentlemen,

Productive cooperation and solidarity constitute factors that may enhance regional security and stability and prove beneficial for nations on a wider geographical scale.

Greece has proven to regard trans-national cooperations within the Mediterranean region as instrumental for responding to common challenges, particularly in sectors of strategic importance, such as energy transition and security.

Our recent agreement with Egypt on green energy interconnection is a case in point.

In the same context, following our bilateral meeting during COP27, we are in the process of finalizing and signing a Memorandum of Cooperation between the Greek and Egyptian Ministries of Finance.

Ladies and Gentlemen,

As our Prime Minister Kiriakos Mitsotakis noted in Sharm-El-Sheikh earlier this month, we can equally safeguard the present and invest in the future.

The historically unique mix of challenges we are currently facing, stresses the necessity for collective, decisive and forward-looking strategic actions in a wide range of policy sectors.

By working together now, we can pave the path for a resilient, greener, fairer future for the Mediterranean, for Europe, for the world.