ΙΔΡΥΜΑ ΟΙΚΟΝΟΜΙΚΩΝ & ΒΙΟΜΗΧΑΝΙΚΩΝ ΕΡΕΥΝΩΝ
FOUNDATION FOR ECONOMIC & INDUSTRIAL RESEARCH
Τ. Καρατάσσου 11, 117 42 Αθήνα, Τηλ.: 210 92 11 200-10, Fax: 210 92 33 977, www.iobe.gr
11 T. Karatassou Str., 117 42 Athens, Greece, Tel.: (+30) 210 92 11 200-10, Fax: (+30) 210 92 33 977

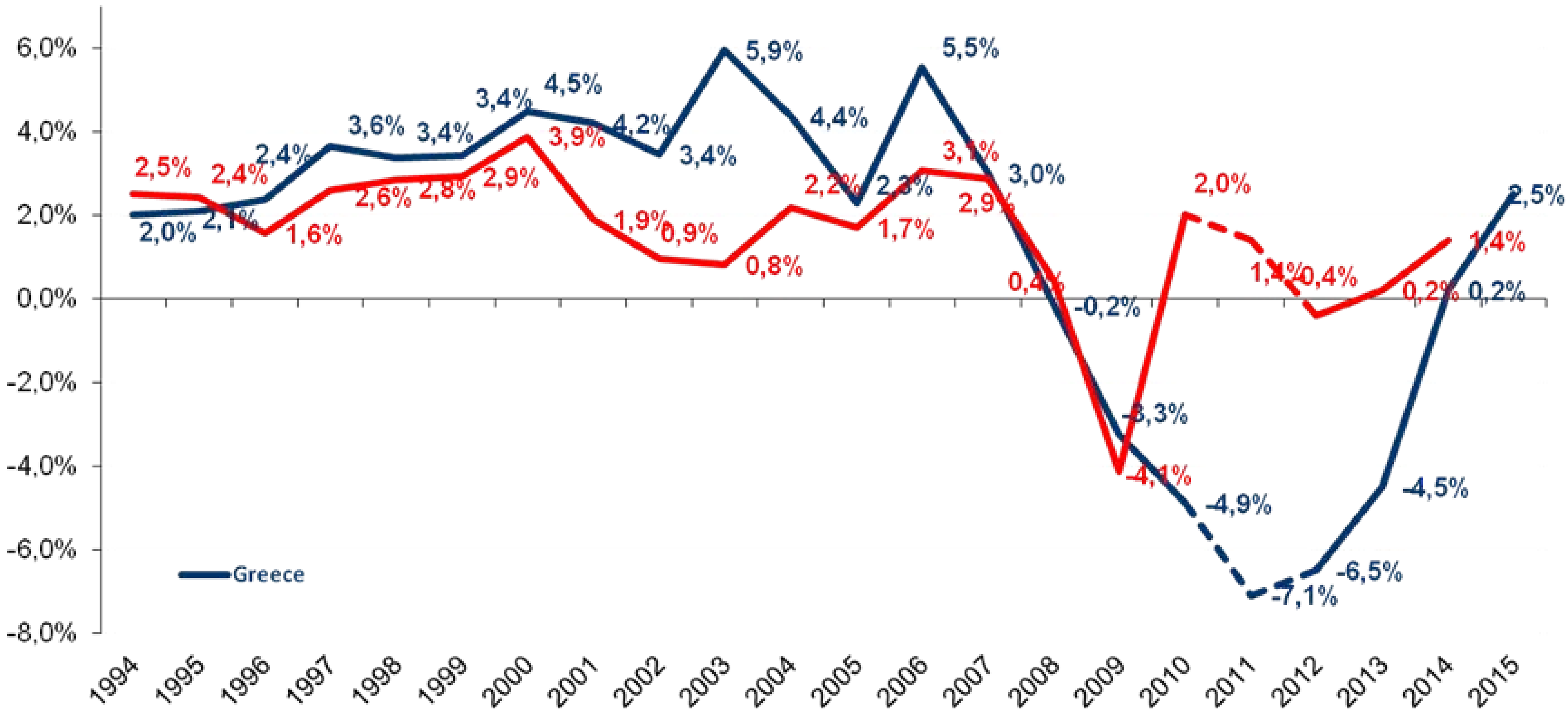
The Greek Economy under Reform: A Sisyphean task or a victorious way to Ithaka?

Aggelos Tsakanikas
Research Director, IOBE, atsakanikas@iobe.gr

Michalis Vassiliadis
Economist – Head of Macroeconomic Analysis and Policy, *IOBE*

Elias Demian
Economist - Research Associate, IOBE

A fast growing economy with higher growth than Eurozone for 15 years…



Source: Medium-Term Fiscal Strategy Framework 2013-2016 (Greek data), Eurostat (EZ data)

Average growth rate in Greece 2000-2008: **3,7 %**,
EZ-17: **2 %**
EE-27: **2,2 %**

…but based on strong domestic demand: a distortionary growth model

- Chronic general government imbalances
- Private sector imbalances since euro entry: rapid private sector leverage through bank credit

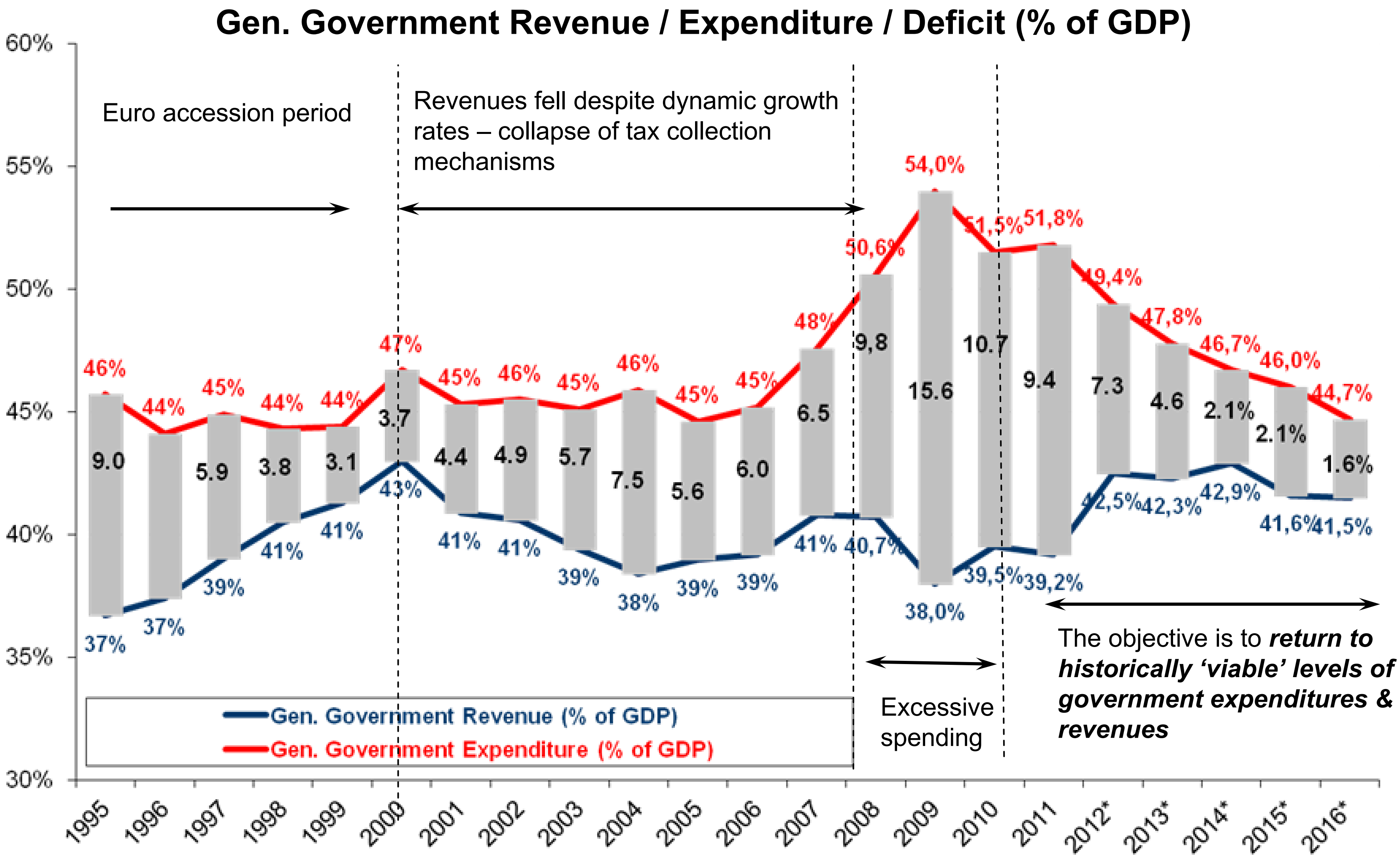
Greece *consumes too much* (91% of GDP) and *exports too little* (22% of GDP)

2001-2010 avg

	Final Consumption (% of GDP)	Investments (% of GDP)	Exports (% of GDP)	Imports (%of GDP)
Eurozone-17	**77,4%**	**21,2%**	**41,6%**	**40,3%**
Belgium	**74,0%**	**21,7%**	**88,0%**	**83,9%**
Germany	75,6%	19,5%	44,0%	39,2%
Esthonia	73,8%	33,7%	79,2%	90,3%
Ireland	**63,1%**	**21,7%**	**101,6%**	**85,0%**
Greece	**90,7%**	**22,3%**	**22,4%**	**35,3%**
Spain	78,9%	27,2%	29,5%	35,9%
France	80,8%	19,7%	29,3%	29,9%
Italy	79,5%	21,0%	26,7%	27,2%
Cyprus	86,2%	19,9%	51,9%	57,1%
Luxembourg	54,0%	23,6%	170,0%	147,8%
Malta	85,3%	16,4%	91,4%	93,1%
Netherlands	**72,8%**	**20,3%**	**78,0%**	**71,0%**
Austria	**72,4%**	**22,8%**	**55,2%**	**50,5%**
Portugal	**85,3%**	**24,4%**	**32,9%**	**42,8%**
Slovenia	73,8%	27,9%	65,2%	67,1%
Slovakia	74,0%	26,8%	86,4%	86,8%
Finland	**70,8%**	**20,1%**	**46,4%**	**38,5%**
Sweden	**72,4%**	**18,5%**	**50,8%**	**41,4%**
United Kingdom	84,4%	17,5%	28,5%	32,1%

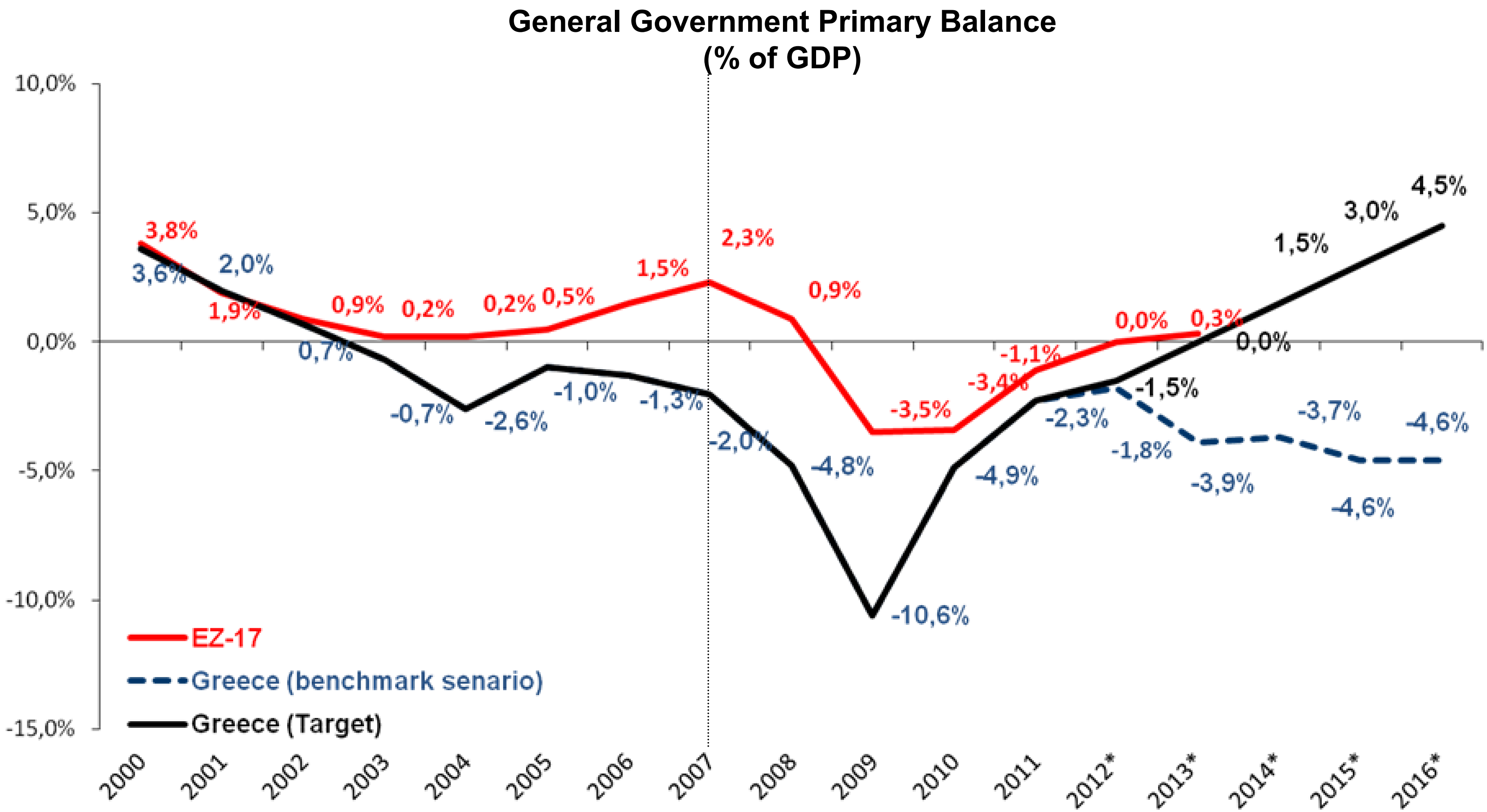
Source: Eurostat

Fiscal Derailment: The lost decade



** Estimate. Sources: AMECO database, ELSTAT,* Medium-Term Fiscal Strategy Framework 2013-2016 (Greek data)

Fiscal Derailment



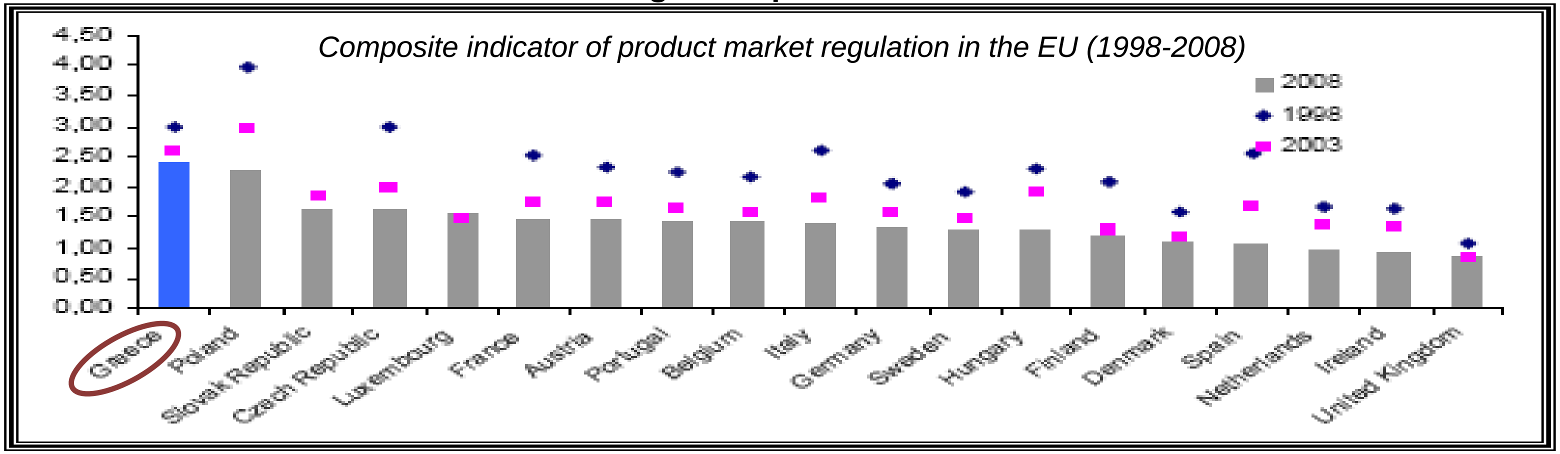
* *Estimates.* ***Sources***: *Eurostat,* Medium-Term Fiscal Strategy Framework 2013-2016 (Greek data)

Structural Deficiencies and Competitive weaknesses

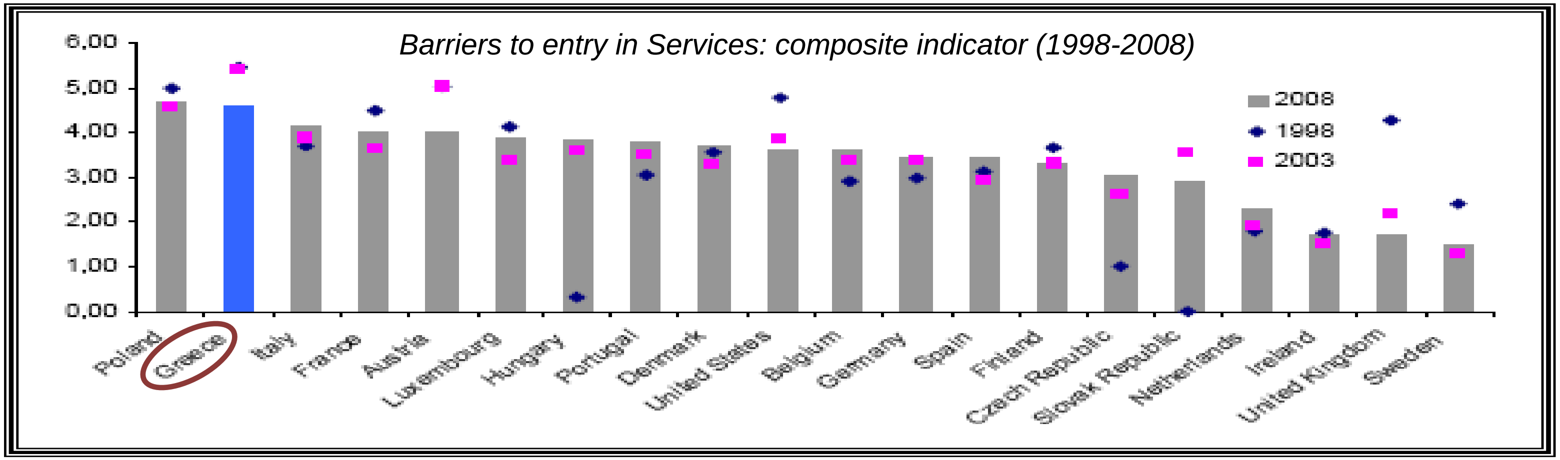
❖ The function and structure of the Greek economy were seriously hindered by numerous regulations and restrictions. These affected negatively business start-ups, product and service markets and investment.

❖ **Greece**: one of the most regulated OECD countries

Overregulated product markets



Restrictions in Service sectors

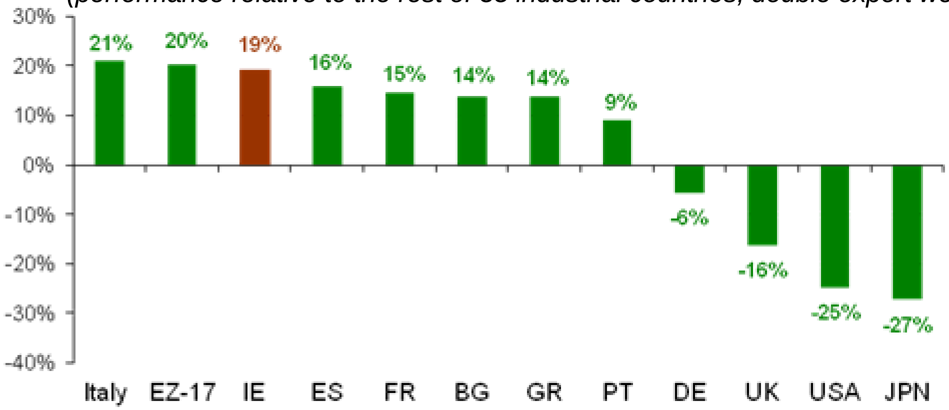


***Source**: OECD, from European Economy, Occasional Papers, no. 68, August 2010, European Commission*

A. Structural Deficiencies and Competitive weaknesses

Increase in relative nominal unit labor cost, 2000-2011

(performance relative to the rest of 35 industrial countries; double export weights)

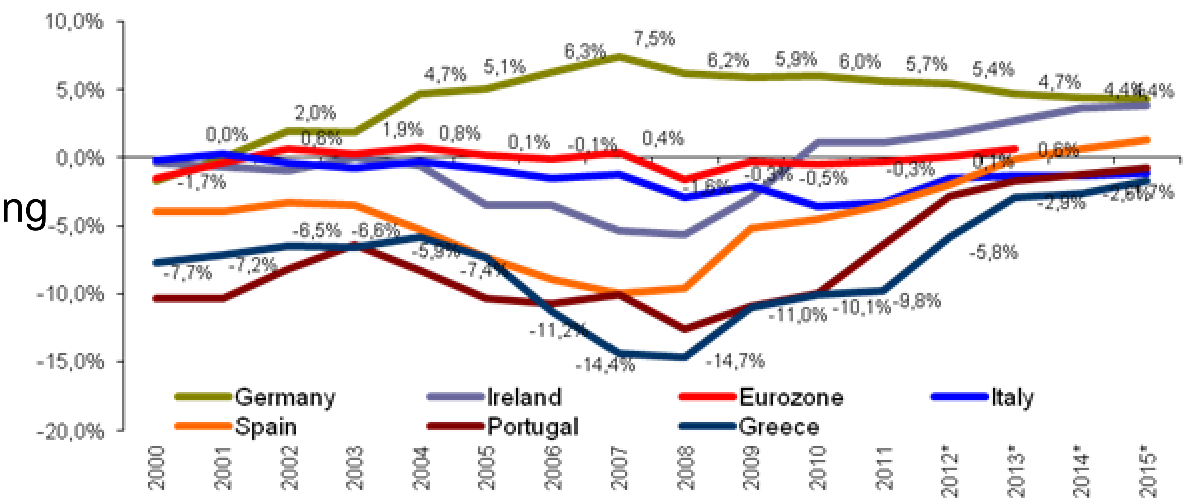


❖ Greece has also lost ground in terms of labor cost competitiveness: Relative unit labor cost has increased by 14% during 2000-2011.

Source: European Economic Forecast Statistical Annex, European Commission, Autumn 2012

Current Account Balance, Euro Area Periphery

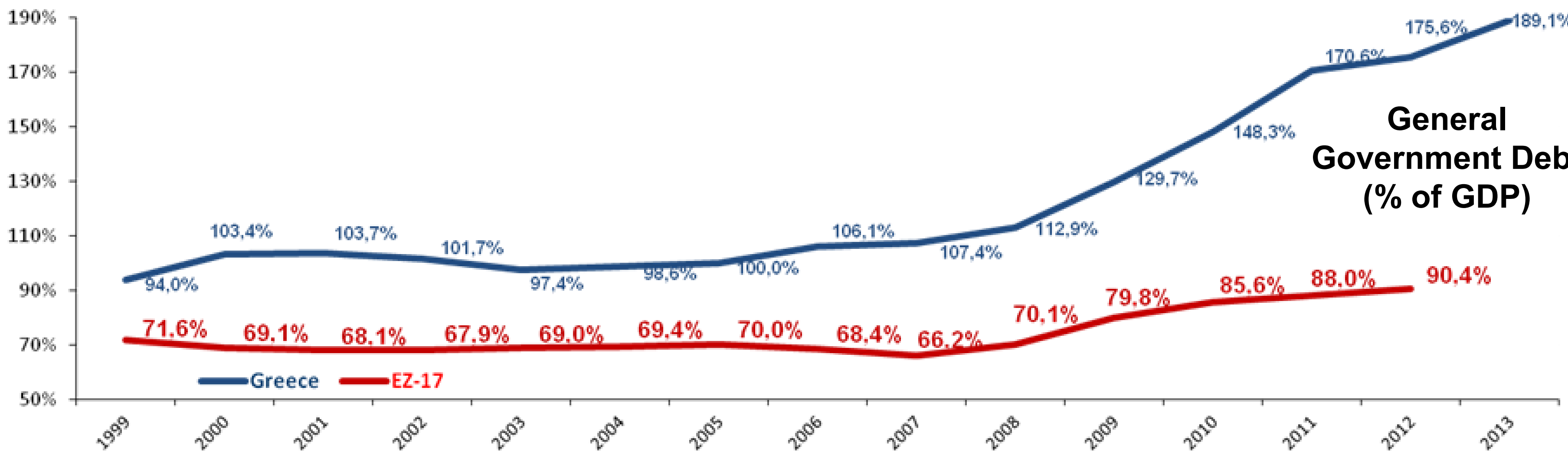
❖ All the factors negatively affecting competitiveness, led to the rapid increase of the current account deficit



***Sources**: IMF/ European Economic Forecasts, European Commission, Autumn 2012*

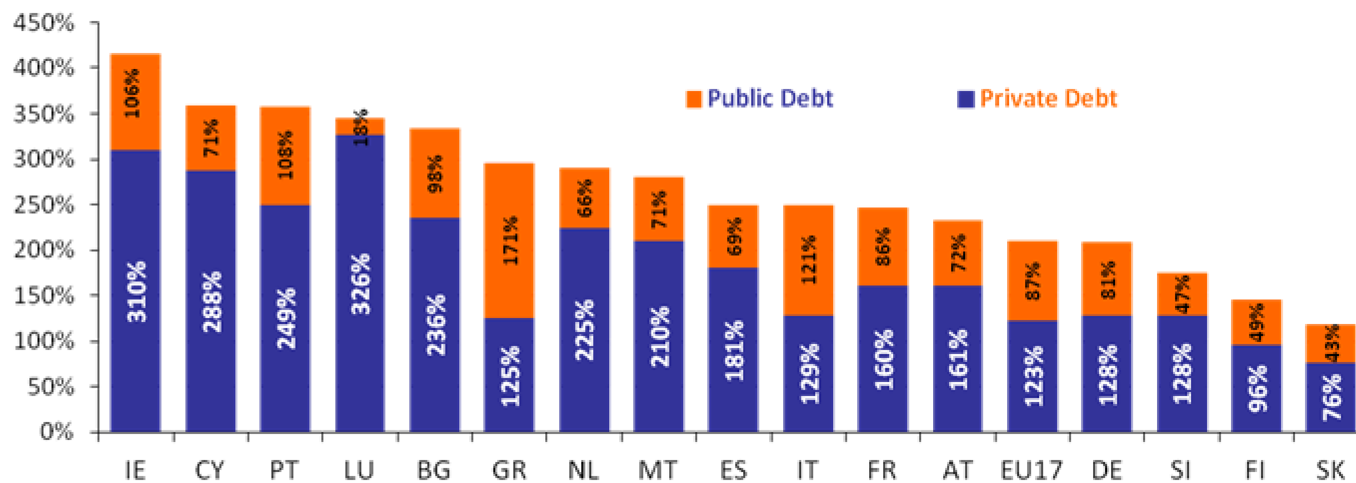
Debt trajectory

General Government Debt (% of GDP)



Private Sector – Public Sector Debt 2011 (% of GDP)

The private sector debt in Greece remains relatively low



** Estimates. Sources: Eurostat,, 2013 Government Budget, Ministry of Finance, October 2012*

Main question today

- A fiscal consolidation process underway while trying to achieve recovery of competitiveness. Under this process, what are the requirements for restarting the Greek economy…
  - Under a different type of growth?
  - With which means and mechanisms ?
- Competitiveness issue: Deterioration of the position of the Greek economy in the international division of labor:
  - Stuck in the middle: Under double pressure from …
    - low cost producers (not necessarily of poor quality)
    - more diversified value added producers from countries with significant technological / producing capabilities.
- A growth based less on consumption and more on exports, or through substitution of imports. This relies on a new type of productive system that builds on:
  - the development of a stronger connection between technology/innovation, institutions and norms of the productive system
  - a knowledge-intensive entrepreneurship: viable firms capable to compete in international markets even under credit crunch conditions
  - an intelligent and efficient Public Sector

Growth policy: Towards a new Social Deal based on knowledge and technology

- Systematic use of the new knowledge produced
- Incorporation and operational use of ICT technologies
- Encouragement of the entrepreneurship based on quality, use of knowledge and innovation
- Strengthening of production and technology ecosystems.
- Promotion of the extroversion of the Greek economy through a strategy of focusing on market niches at a global scale, especially for manufacturing SMEs
- Efforts to attract foreign investments at the production and infrastructure level that will allow efficient use of innovation and knowledge
- Promotion of innovation as a way of thinking and acting (knowledge transfer networks and experience encoding, innovation competition, etc)
- Treatment of side effects and gaps (social, technological, educational, peripheral etc.) that arise as results of productive restructuring and technological modernization

Sectors Boosting Greek Economy

Agriculture, Fishing and Food Processing

- Traditional sectors
- The only sector out of the 10 main sectors with a positive rate of GVA (+3.1% increase during 2009-2011 .
- Employment fell only by 1,8% during this 3-year period (total economy : -10,3%).
- Processing and preserving of food and vegetables & Manufacture of vegetables, animal oils and fats , among the sectors with strong export performance during 2000-2010
- Manufacture of dairy products and Manufacture of grain mill products, starches etc. are included among the 10 Manufacturing activities with the biggest increase of their share to total EU-27 exports of the same sub-sector.

Mining-Manufacture of basic metals and non-metallic mineral products

- Rich ores in non metallic-minerals and metal minerals

ICT Manufacturing and Computer Services

- Robust international competitiveness of certain I.C.T. Manufacturing activities (insulated cables and wires, manufacture of electronic valves and tubes and other electronic components)
- Significant supply of engineers and software developers.
- Low entry barriers, need for micro financing (small CAPEX).

Sectors Boosting Greek Economy

Waste Management

- Urgent need for modern waste management techniques (penalties by EU)
- Cultural Transformation of waste management as a viable and lucrative business
- Possible creation of symbiotic waste circles between industries will lead to significant savings in operating costs
- Use of modern methods and techniques will improve the efficiency of production processes
- Source of generating employment

Energy Production & Distribution

- Commitment to ambitious targets for Renewable Energy Sources (RES) penetration and energy efficiency
- Investment of about €16.4 billion in the period 2010-2020 is needed to achieve the targets for RES penetration in electricity generation
- Further growth potential from the strengthening of the HV grid in order to support the penetration of RES
- Liberalization of the electricity generation market is still not completed
- Expansions of the national high-pressure grid: Under construction in Peloponnese and Evia, Under planning in West Macedonia and Epirus
- New interconnectors
- Opportunities for new LNG stations (Near Kavala in North Greece, to feed IGB and Crete)
- Both the high pressure grid owner-operator (DESFA) and the state-owned commercial company DEPA are being privatized

Sectors Boosting Greek Economy

Tourism

- Traditional sector, embedded in the local culture
- Contribution to GDP: 15.1% of GDP for 2010 (i.e. EUR 34.2bn)
- Employment: 738,000 job positions (16% of total employment) in 2010 are financed by the tourism sector
- Tax Revenue: EUR 1,4bn in indirect tax revenues (5% of total revenues from indirect taxation)
- Despite contracting economic activity, international tourism receipts seem to be resilient, thus contributing to the decline of the Current Account Deficit : International tourism arrivals increased by 8.4% in 2011

Land freight transport, related infrastructure and logistics

- Crucial geo-strategic location of Greece, making the country a regional and global trade portal and supporting transport activities
- Rapidly rising importance of exports to China and Asian imports to the Euro Area
- Greece has the necessary geographical characteristics and is continuously improving in terms of infrastructure needed (ports, logistics, motorway network etc.)
- Proximity to potentially developing economies in the following years.
- Countries of the Middle East and of South Africa currently or recently under turmoil, probably under extensive reconstruction and economic recovery.

Pharmaceuticals - Health Sector

- The 2nd largest manufacturing sector
- *Employment*: During 2008-2010, the pharmaceutical sector is 1 of the 4 (out of a total of 24) manufacturing sectors that marked an annual average increase (CAGR: +4.3%).
- Exports: CAGR 2000-2010 → +14%, the 4th largest share in total manufacturing exports (Average 2000-2010: 6%). 90% of exports are directed to EU-27 countries.
- Increasing investment in R&D, relatively higher share of R&D employees, increasing patent applications
- More than 6% of Greek manufacturing exports come from the pharmaceuticals sector

Greek economy is gradually changing

Fastest adjusting Eurozone economies (ranked by the Adjustment Progress Indicator)

Rank 2012	Rank 2011	Country	Total Score 2012	Total Score Change	External adj. 2012	External adj. Change	Fiscal adj. 2012	Fiscal adj. Change	Labour Cost Adj. 2012	Labour Cost Adj. Change	Reform drive 2012	Reform drive Change
1	2	Greece	8.2	*1.6*	6.6	*0.2*	8.6	*0.3*	7.7	*2.5*	10.0	-
2	3	Ireland	7.4	*0.9*	8.8	*1.7*	4.5	*0.1*	8.4	*0.5*	7.7	-
3	1	Estonia	6.5	*-1.9*	8.9	*-1.0*	2.4	*-3.2*	8.3	*-1.4*	n.a.	-
4	5	Spain	6.5	*0.8*	7.1	*0.6*	4.2	*-3.3*	5.7	*2.5*	9.0	-
5	7	Portugal	6.5	*1.6*	6.7	*1.6*	6.5	*0.2*	5.7	*2.6*	7.0	-
6	6	Slovakia	5.0	*-0.1*	6.2	*1.2*	4.5	*-1.2*	6.4	*2.0*	2.8	-
7	12	Italy	4.6	*1.3*	3.8	*1.5*	7.2	*2.5*	2.9	*0.0*	4.7	-
8	4	Malta	4.4	*-2.0*	6.4	*-1.5*	2.1	*-2.3*	4.8	*-2.2*	n.a.	-
9	13	Cyprus	4.3	*1.4*	5.5	*1.4*	4.1	*0.7*	3.4	*2.1*	n.a.	-
10	11	Slovenia	4.3	*0.7*	5.8	*1.2*	4.4	*0.8*	2.7	*0.1*	n.a.	-
-	-	Euro 17	4.0	0.7	4.1	1.1	4.3	-0.2	2.6	0.4	4.9	-

The 2012 Euro Plus Monitor:

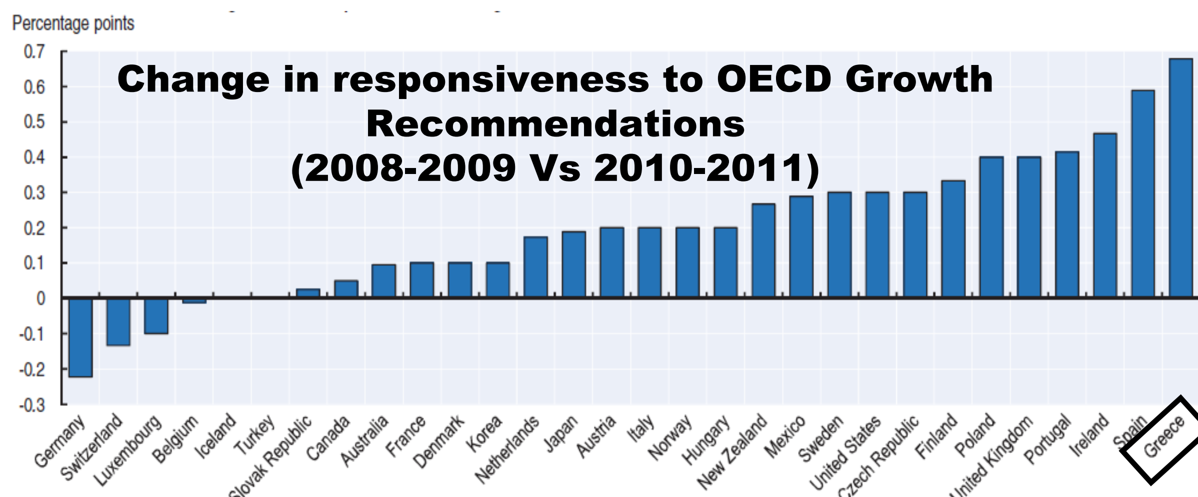
- ➢ ***Greece,*** *the fastest Adjusted Economy in the Eurozone*
- ➢ *Greece has undergone the most wrenching fiscal squeeze.*

Source: The 2012 Euro Plus Monitor: The rocky road to balanced growth, The Lisbon Council / Berengerg Bank

OECD Going for Growth 2012:

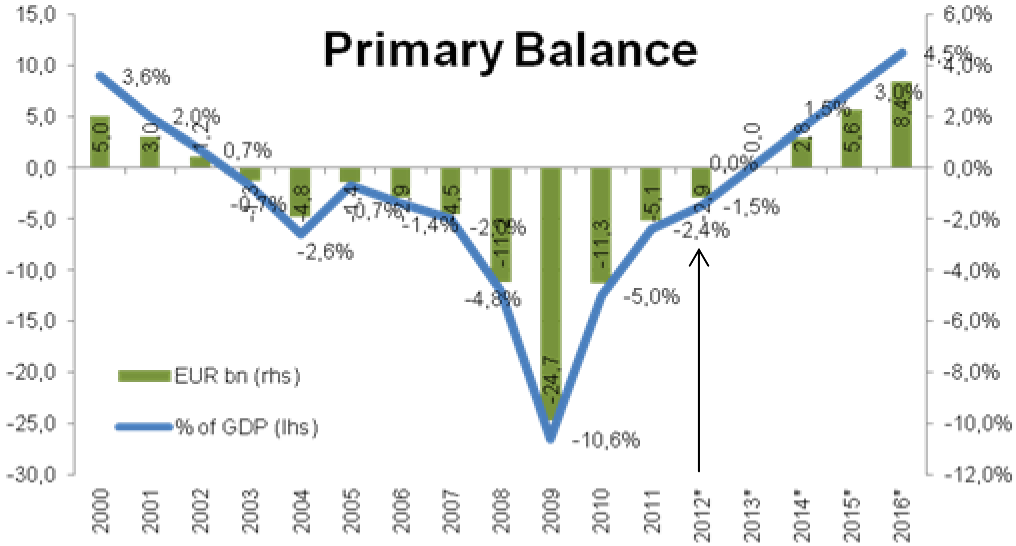
Greece ranks 1st in adapting to OECD recommendations:

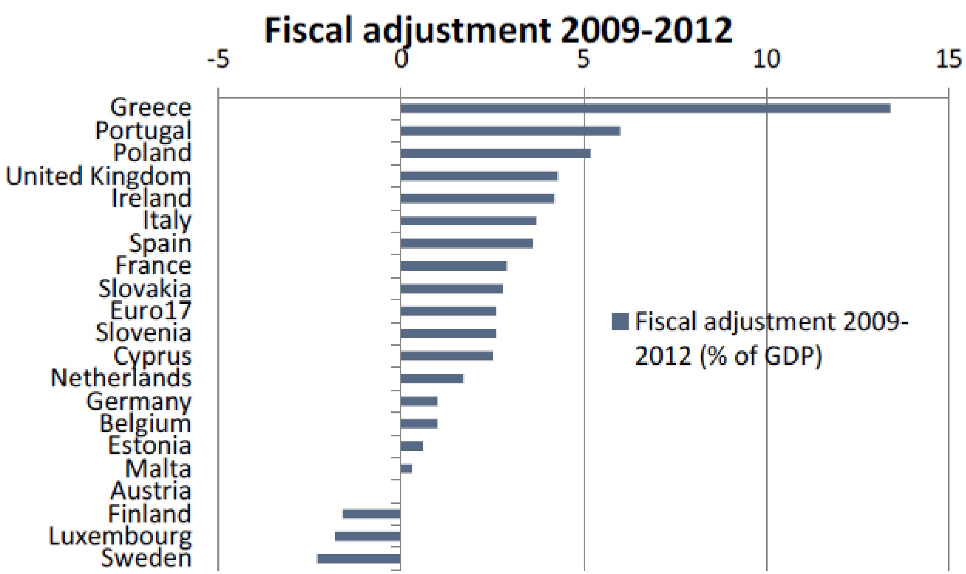
- Pension reform (participation of older workforce)
- Reduce regulatory barriers to competition
- Reduce incentives for tax evasion by broadening the tax base
- Reform employment protection legislation
- Ease entry into the labor market by lowering high cost of labor for young workers
- Improve the efficiency and quality of the education system ('New School Reform')



Source: OECD, Economic Policy Reforms: Going for Growth 2012

Fiscal Consolidation: Impressive effort

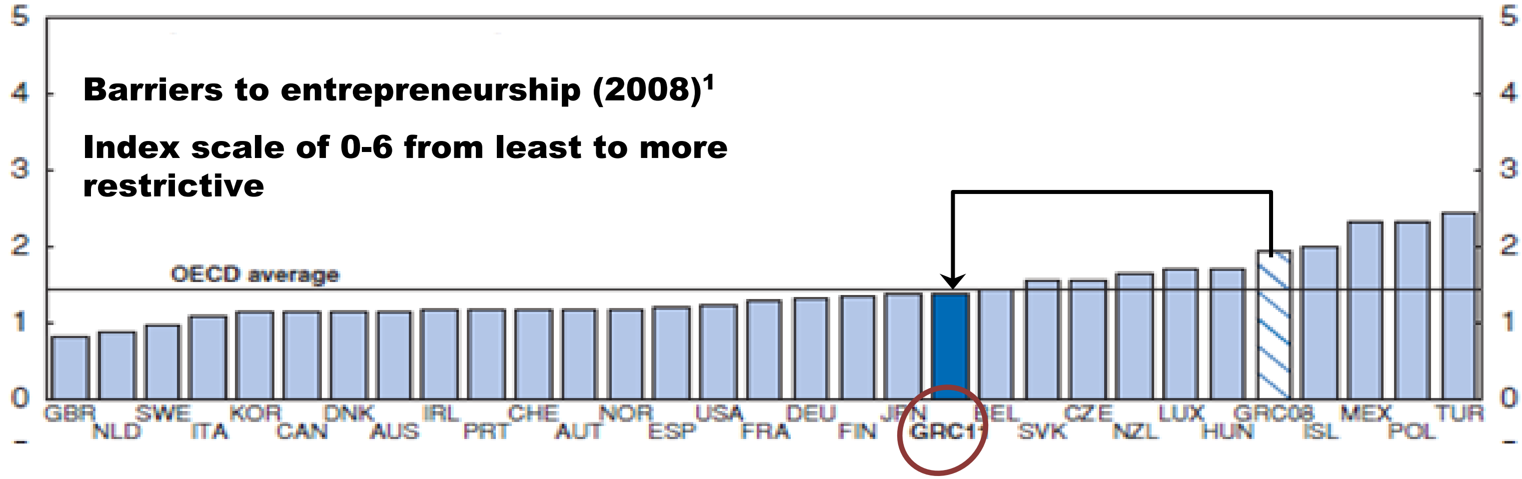


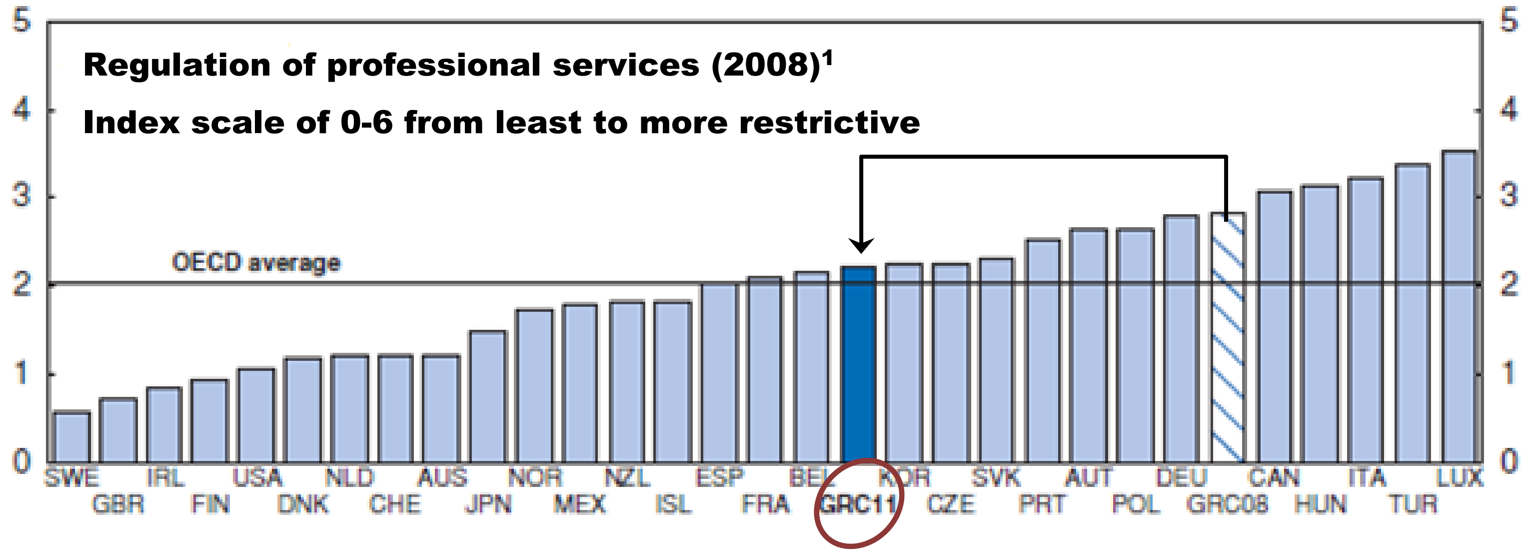


- **Primary deficit contracted from €24.7bn in 2009 to €2.9bn in 2012 (c. 8.2 percentage points of GDP).**
- **General government's spending is being reduced from 49,3% of GDP (2012) to 44,1% of GDP (2016) (5.2 percentage points of GDP)**
- **Primary balance: 0 by 2013.**
- **Greece is the country with the highest fiscal adjustment during period 2009-2012 (% of GDP), despite the Economy's weaknesses.**

•*Estimates / Sources:* Medium-Term Fiscal Strategy Framework 2013-2016 , Europlus Monitor: The Rocky road to balanced growth, 2012

Improving Structural Competitiveness



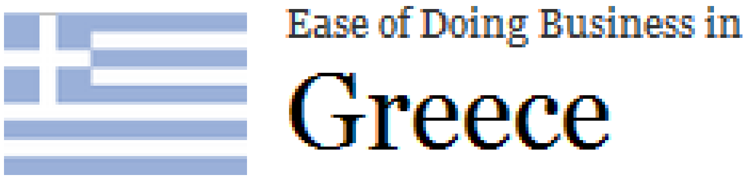


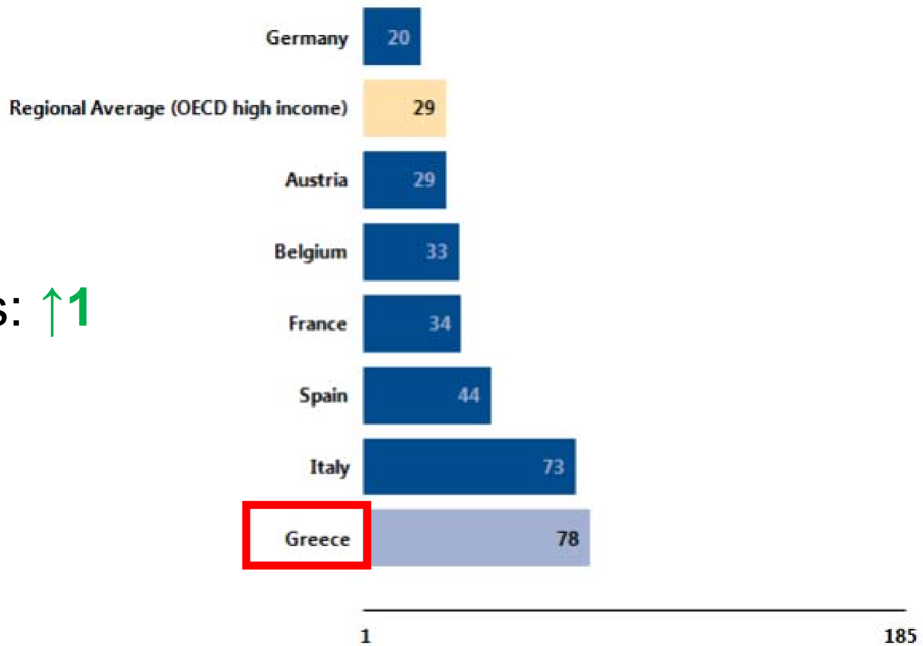
Sources: OECD Economic Surveys: Greece, AUG 2011

[1] The reference year is 2008 for all countries. The product market regulation & indicators for Greece for 2011 are based on an intermediate update conducted in the context of the OECD survey, thus accounting for the recent reforms towards improving business environment and opening closed professions

Improving Doing Business

- Greece at 78th position in 2012 **Vs** 201
  (89th position in 2011)
- World Bank's Ease of doing business sub indexes:
  - Protecting Investors: **↑38**
  - Trading across borders: **↑17**
  - Paying taxes: **↑13**
  - Resolving insolvency: **↑8**
  - Dealing with construction permits: **↑1**
  - Starting a business: **↓6**
  - Getting electricity: **↓3**
  - Enforcing contracts: **↓2**



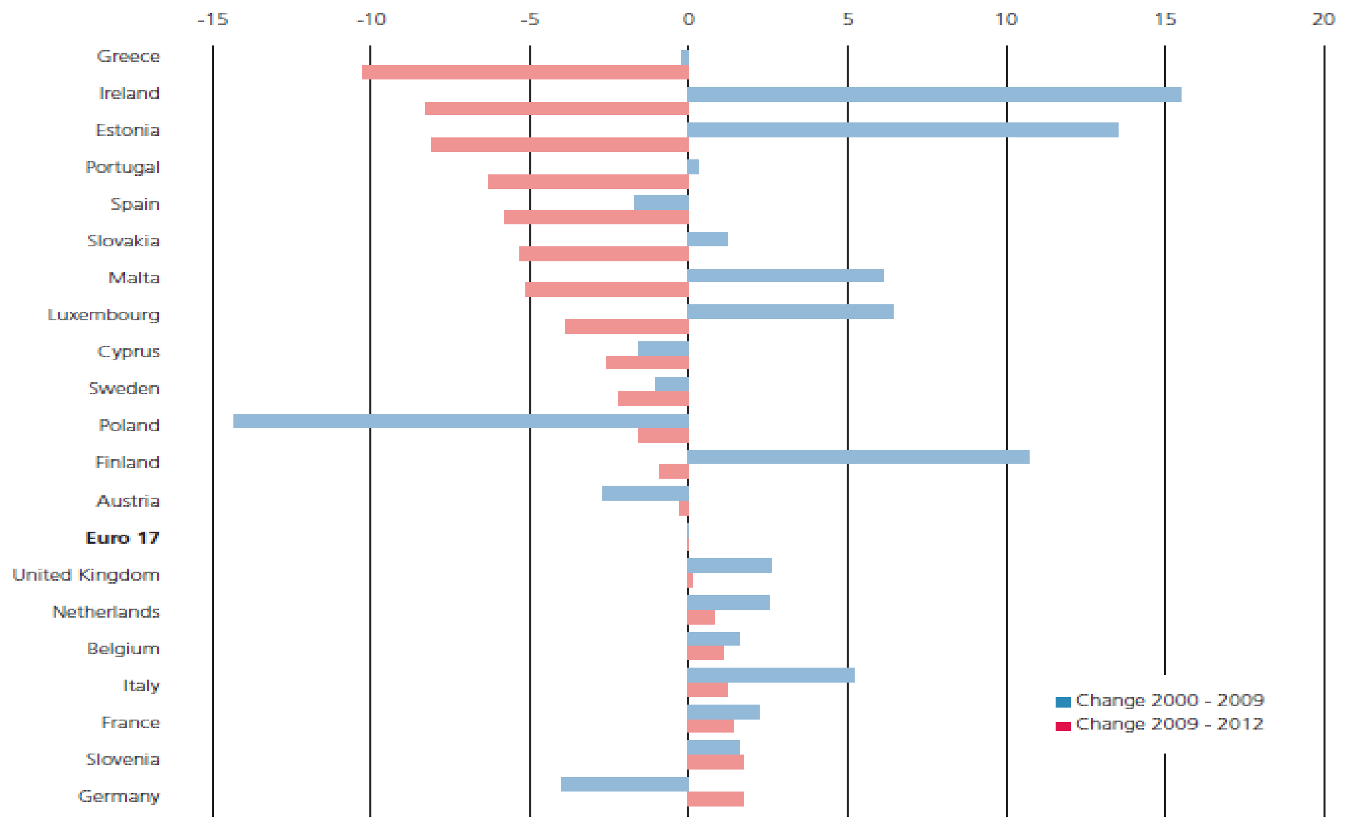


Source: Ease of doing business, World Bank, 2012

Unit Labor Cost: significant improvement

In 2010-2011 *cost competitiveness* *has improved significantly*

Real unit labor cost adjustment 2009-2012



***Source**: Europlus Monitor, 2012*

*"Looking at the absolute changes in real unit labor costs in the three years leading up to 2012 workers in **Greece have endured the most pain (-12.0%)**"*

Main Expenditure Cuts & Tax Measures

Expenditure Cuts

- **Cumulative cuts in nominal public sector wages** is over 30% during 2010-12 and almost 37% in 2010-2014.
- **Introduction of a single unified wage grid** that replaced a highly fragmented compensation system.
- **Cut in salaries of State-owned Enterprise employee**s by 35% in 2010-2012
- **Cuts in nominal main pensions** in the public and private sector by 10% in 2010, with further 5% average cut introduced in 2011-12.
- **Reduction of public sector fixed term contracts** by 38% (or 29,500 people) in 2010 and further cut of 48% (or 33,400 individuals) were achieved in 2011.
- **Total public sector employment significantly cut**: net reduction of 62,141 employees in 2010, and further net decline of 55101 employees (7% of total) in 2011.
- **Reduction in State-owned Enterprise employment**: a 18% year-on-year reduction in number of SoE employees and a 29% decrease in total SoE personnel expenditures.
- **State-owned enterprises**: Deficits (before subsidies) were reduced by 20% in 2010, with an additional decrease of 46% in 2011 compared with the same period in 2010, following a 33% decrease in spending. Subsidies were cut by 26% during the same period.

Tax Measures

- **VAT rates increased**.
- **A drastic reduction in the tax free threshold** from €12,000 to €5,000 in 2011 and the elimination of other income tax exemptions are expected to boost revenues by 0.9% of GDP.
- **Excise taxes were raised** by 33% on fuel, cigarettes and alcohol.
- **Special levies on profitable firms**, high income individuals and high-value real estate were adopted.
- **A "solidarity tax" on total declared incomes from self employed** higher than €12,000 was introduced. The tax rate ranges from 1% to 5%.
- **Additional property tax** is collected via electricity bills from 2011 with expected revenues close to 1% of GDP (€2.5bn in 2011).

Social Security – Health System Reform

Pension Reform

- completed measures reducing the actuarial deficit to 2060 by 10% of GDP and making the system among the most viable in the EU; the reform contributes to achieving the target of reducing the overall increase of public sector pension spending to under 2.5% of GDP over the period 2009-2060;
- effective retirement age raised by at least two years to 65 years of age;
- 40 years of work now required for full pension;
- pension benefits now linked tightly to lifetime contributions;
- tighten conditions for early retirement; reduced benefits for those retiring before 65; retirement penalties increased and voluntary exit plans abolished;
- new significantly streamlined list of difficult and hazardous occupations eligible for higher pensions with immediate application; the list of heavy and arduous professions now covers less than 10% of total employment;
- revision / re-evaluation of disability pensions;
- introducing a mechanism to index the retirement age to life expectancy;
- boost labor force participation of older workers, aiming *inter alia* to restrict early retirement;
- in addition to an initial cut, the Government proceeded with an in-depth revision of the functioning of secondary/supplementary public pension funds, including welfare funds and lump-sum schemes, in order to stabilize pension expenditure and ensure medium- and long-term sustainability of the system.

Health-Sector Reform

- **the objective is to keep public health expenditure c. 6% of GDP , while maintaining universal access & improving the quality of care delivery;**
- **long list of reforms that reduced average expenditures by 12% (y-on-y) in 1H2011, despite a 20% increase in cases (patients);**
- **significant reduction in pharmaceutical expenditure (c. EUR 1.5bn in 2009-2011); reduction in hospital operational expenditure by 13.4% since 2009 (7.2% reduction in 2010-2011); mergers of hospital administrations;**
- **strengthening & better monitoring of prescription rules; increasing the use of generics medicines; new pricing mechanism for pharmaceuticals**
- **rationalizing procurement procedures; internal controls are assigned to all major hospitals; hospital computerisation & monitoring system**

Labor Market Reforms

Lowering entry-exit cost

- reduction in minimum wages by 22-32%;
- sub-minimum wages to facilitate youth employment;
- decrease of non-wage labor cost: 2% decline of social contributions, via cuts in non-priority social security spending;

Economic outcome

In 2011, changes to existing full time contracts into part-time & intermittent contracts doubled relative to 2010

Facilitating firm –level collective bargaining, mediation & arbitration. Facilitate firm-level collective bargaining

- **changes in the arbitration system;**
- **suspension of the favorability clause in firm level collective agreements;**
- **suspension of the automatic extension to those who are not represented in the negotiations;**
- **abolition of "legacy contracts" in ex-state owned enterprises;**
- **phasing-out of all collective agreements of infinite duration;**
- **changes in the rules governing the "after effects" of collective agreements;**

Economic outcome

12 special firm-level collective agreements (covering 3,500 employees) were approved by end-OCT 2011, reducing wages by 10%. The new arbitration & mediation body started to operate in OCT 2011

By mid-FEB 2012, 81 firm level agreements (covering 28,000 employees) were concluded), cutting wages by 15%.

Allowing for flexible labor contracts & working time management. Strengthening the labor inspectorate

- flexi-time working arrangements; boost flexibility in working-time arrangements by reducing overtime pay and earnings of part-time employees and making averaging of working time possible; cut in overtime remuneration by 20%;
- measures to promote fixed term contracts; limit the times these contracts can be renewed
- enhance flexibility in wage determination such as easing the conditions for firms to opt out from higher-level collective bargaining agreements;

Economic outcome

Total inspections in 2011 were up by 2% relative to 2010 and by 15% relative to 2009.

Market Regulation Reforms

Enhancing Competition

- strengthen the power-independence-effectiveness of the competition authority & the enforcement of competition law ;
- liberalization of the energy sector: unbundle transmission & distribution of energy & establish the Independent Regulatory Authority for Energy;
- liberalization of closed professions:
  - ✓ Liberalization of cruise ships (cabotage), in order to boost cruise tourism: allow cruise ships with non-EU flag to dock on/depart from a Greek port;
  - ✓ Liberalization of road freight transportation: unlimited licenses with fees of road transport operator licences declining to a small administrative fee since the beginning of 2012.
  - ✓ Liberalization of regulated professions

Improvement of the Business Environment

- Simplification of licensing procedures; acceleration of access to main permits, set binding deadlines for necessary opinions, shortening procedures for environmental studies/licences
- **“Business Friendly Greece”**: lift of various barriers to entrepreneurship & innovation; establishment of business parks

Fiscal Reforms

Strengthening fiscal management (Fiscal Management & Responsibility Act)

- Independent Statistical Authority: President, Chairman and majority of the Board members appointed by a four-fifths majority by Parliament; full validation of data by Eurostat following reform. *No reservations on reported data of the EDP Notification Tables during the last two years*. Statistical improvement action plan on track (monitored by Steering Committee involving the Eurostat);
- a medium-term (3-year) fiscal framework and Parliamentary Budget Office have been established for the first time;
- expenditure control mechanisms strengthened significantly with all Ministries setting up a commitment registry and appointing a permanent accounting officer to ensure adherence to expenditure ceilings;
- rationalization of the public remuneration system;
- rationalizing management & improving efficiency & governance of state-owned enterprises;
- online publication of all decisions involving commitments of funds in the general government sector;
- restructuring of the railway sector (OSE);
- restructuring of the Urban Transport Entity (OASA);

Tax Reform & Combating Tax Evasion)

- new management information systems;
- a special administrative structure to assist reform;
- 5-year tax administration reform plan being implemented with consolidation of tax offices (31 already merged);
- alternative tax dispute resolution mechanism legislated to accelerate tax-related judicial appeals and 24 court chambers dedicated to tax cases established and now operational;
- new unit for large tax-payers;
- a new directorate for tax debt established with additional staff;
- Combating tax evasion, enhancing tax compliance, tax administration discipline and transparency by developing a risk-based analysis audit system, increasing fraud penalties, revising tax auditors' hiring rules and reinforcing their supervision and the legal measures to curb corruption by tax personnel → fines of EUR 3.4bn in 2010 (182% increase y-o-y), big rise in audits (six-fold increase in audits on self-employed professionals) and penalties for undeclared assets (555 yachts seized, fines for offshore real estate assets in 2010), preparation of 3 year anti-tax evasion plan, arrests of large tax evaders;
- broadening tax base by rationalizing personal income tax and eliminating a number of deductions;
- broadening VAT tax base, reforming property taxation.

Local Administration – Financial System - Privatizations

Local Administration Reform

- merger of various local government authorities;
- municipalities reduced from 1034 to 325;
- decrease in the existing local authority entities by 4000 (from 6000);
- decrease in elected officials from 30,795 to 16,657;
- 30,000 work positions have been abolished in prefectures;
- fixed term contracts were reduced by 50%.

Stability of the Financial System

- Establishment of the Hellenic Financial Stability Fund
- Bank recapitalization scheme
- Transfer of the private insurance sector supervision to the Bank of Greece.

Privatization Program

- Establishment of the Hellenic Republic Asset Development Fund, responsible for all transactions;
- No privatizations in the first 12 months of the program. This was reversed and the revised privatization target for end 2011 (EUR 1.7bn) was marginally missed in cash terms (EUR 1.6bn) but exceeded in accrual terms (EUR 1.8bn);
- To ensure that the plan objectives are achieved, the Government continuously transfers assets to the HRADF;
- The government accelerates state land ownership registration;
- A new General Secretariat of Public Property is established and made operational with the aim of improving management of real estate assets, clearing them of encumbrances and preparing them for privatization; the real estate entities KED and ETA are merged.
- Abolition of the minimum obligatory state participation in state-owned enterprises included in the privatization program
- *Unfavorable market conditions presently hinder further transactions*.

To sum up...

- Business environment: Lifting of various obstacles, although “still the devil of inertia hides in the details of the implementation”
  - Business Friendly Greece, Investment Law, Fast track, Fund for privatizations, new “fiscal” package
- Labor market: flexibility, cost,
  - Firm level agreements, part-time measures, minimum wages, more flexible exit terms
- Tax reforms to widen the amount of tax payers: 2008: 50% of citizens paid zero tax legitimately
  - Restructuring tax administration, tax avoidance / evasion
- Liberalization of over-regulated professional markets
- Restructuring of the public sector
  - Restructuring of public entities, rationalization of the wage bill, human resource management and rearrangement, privatizations

But…

- Unemployment rising: need to reverse that trend
  - Private Investments, FDI but the currency risk must be smoothed
- Credit crunch conditions do not allow for investments
  - Banks Recapitalization
  - Restore some liquidity by leveraging any sources of funding (EIB, IfW)
- The society is under pressure, the government walks in thin line
  - Society needs some sings of change, a slow recovery
- Time should not be underestimated: reforms do not happen overnight and actual results may take more time to occur