

An Unspoken Huge Competitive Advantage

The growth of logistics and exports during the sovereign debt crisis is an achievement of the Greek economy. The effective communication of Greece's competitive advantages, primarily its geostrategic position, has brought several large foreign investments in logistics and energy.

However, there is an unspoken huge competitive advantage of Greece that can lower its borrowing costs immediately, increase lending, and boost investments, thereby generating growth and creating jobs: Greece's debt-to-GDP ratio is one-third (1/3) of that of its credit peers when measured under modern international accounting standards, and Greece's interest payments as a percentage of revenue are also one-third (1/3) of its credit peers.

Greek exporters must be able to compete fairly. But how can they compete when their profit margins evaporate (especially for SMEs) after borrowing at interest rates that are 4-6 percentage points higher than their competitors? Businesses today, including exporters, are handcuffed by the absence of bank lending. The high borrowing cost is a direct result of the extraordinarily high interest rates on Greek government bonds (GGBs). These high rates are a consequence of ECB's unfair "57% penalty" on GGBs, which was intended to be temporary but remains unchanged. The "57% penalty" is essentially freezing bank lending and disqualifying almost all GGB collateral for loans, at a time when Ireland, Spain, and Portugal incur a rate of 5% to 13%.

Greece drove into the crisis with woefully deficient accounting of the government's fiscal position. Not producing internationally-comparable government accounting and financial reports keeps borrowing costs high, restricts bank lending, and hurts both logistics and exports, suffocating job growth. Starting now, Greece must adopt International Public Sector Accounting Standards (IPSAS).

Exporters can present the benefits of IPSAS to inspire the trust and confidence of our trading partners to the Greek government, and win better terms. Greek exporters are excellent salespeople, but need the tools to sell. We need the handcuffs removed. We can win market share if our partners trust our government's financials. We can significantly grow our exports if the market understands our huge unspoken competitive advantage.

The benefits of IPSAS go well beyond export growth. Households, businesses, and the government will see a decrease in borrowing costs and an increase in loan availability. IPSAS can improve decision-making in the public sector, and build trust and confidence through transparency. It can help reduce taxation, access more attractive financing, reduce public debt, and create jobs.

The benefits, especially creating new jobs, are unquestionably worth the effort. The question now is who will educate the world about Greece and be remembered in history for putting Greece on the path for growth and prosperity. The benefits of IPSAS can start immediately.

The government can publish its net debt-to-GDP ratio under IPSAS and show our trading partners that Greece's net debt is one-third (1/3) of its credit peers. Our low debt is a huge competitive advantage, with huge benefits for everyone in Greece. Give to exports and logistics the tools to build trust and confidence with our trading partners. Give us IPSAS now.

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