

## **Interview: Greek economy expected to grow in 2014: Bank of Greece governor**

ATHENS, Nov. 27 (Xinhua) -- Greek economy is expected to grow in 2014 and the debt-crippled country will overcome the crisis which currently casts a heavy shadow on the entire eurozone, Bank of Greece (BoG) Governor George Provopoulos said on Monday.

Provopoulos said in an interview with Xinhua that 2013 will be a difficult year for the country, because the GDP will decline further by about 4 percent, since the Greek parliament had to approve a very bold and painful fiscal package to face current woes.

"But, what is important is that next year will be the last year in recession and it will be the beginning of a new period in which the Greek government will go fast forward," he stressed, adding that 2014 will be the first year with positive growth for Greece.

"After that I think that growth will come back and will be stronger and stronger, especially given that the fiscal problems will have been eliminated and in terms of structural reforms quite a lot of progress will have been achieved by that time," Provopoulos added.

"Greece is already in a situation which is of course difficult, but we are close to closing a chapter which was very painful for us. The beginning of a new era, much more optimistic and positive this time, is close for us," he told Xinhua.

In the meantime, Greece needs to continue its efforts to address the root causes of the crisis, which are not exclusively financial, but also political, social and institutional, he added.

The basic reasons of the current crisis went back to the previous years during which Greece was unable to control effectively its public deficits and debts on one hand, and on the other hand lost competitiveness, he explained.

At the end, during the period from 2000 to 2009 the accumulative loss of competitiveness was 32 percent, a loss that needs to be recovered through structural reforms, Provopoulos said, noting that the institutional framework had to be changed in the previous years, but it didn't happen.

Grey economy and tax evasion were closely related, and considered two key factors in the Greek sovereign crisis, which were estimated to have caused the loss of about 25 percent of the country's GDP. The Greek official stressed that there are no silver bullets to tackle them.

"They can only be dealt with through a very bold and restrictive program which will take a number of years to be properly implemented. It is not something you can eliminate overnight," he said, noting that a series of measures have been already taken, but quite a lot of things still need to be done.

The Greek government is going to table for approval in the parliament a new tax bill which provides for a number of measures which will improve the terms of controlling the grey economy, Provopoulos said.

Asked whether Greece and its European counterparts should stick to or change the current austerity and reform strategy to exit the crisis, as anti-austerity protesters suggest, the bank chief was adamant Greece will not change the course.

"We have to understand what the political realities are in the following sense. Greece received quite a lot of money from the euro area and the IMF. And we had to make our utmost in order to correct our imbalances and use this amount in the most proper way to do it," he explained.

"If we had to lengthen the period of adjustment, that would mean that more money would be needed. And I am afraid that our creditors would not agree in case that they were asked to put more money for the Greek program. So, from our side we had to do quite a lot of things in a very concentrated way and in a very relatively short period of time. And this is what we are doing," he said.

"The only option for Greece today is to work hard to solve our problems in an orderly way and get out of the crisis as soon as possible. And that will be done. I am quite optimistic," he said.