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Greece Unspoken of Huge Competitive Advantage

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Spyros Olympios is one of the most respected executives in the field of Management and Industry in Greece. He is active in business in Greek and European markets in industry, trade and exports. He is President of the Institute of Logistics and Management Greece (HILME) and member of the Board of the European Agency Logistics (ELA).

Greece logistics and exports growth during the financial crisis is one of the most spectacular miracles in the Greek economy. The effectively communicated competitive advantages of the Greek geostrategic position have won several large international logistics investments. Additionally, high quality agricultural products provide the hope for an export renaissance.

However, there is an unspoken of huge competitive advantage for Greece that can immediately lower borrowing costs, increase lending, and boost investments, which all create jobs. Surprisingly, the huge competitive advantage is that Greece debt to GDP ratio is one-third (1/3) of its credit peers when measured under modern international accounting standards, and Greece interest payments as a percentage of revenue are also one-third (1/3) of its credit peers!

Greek export businesses have achieved “a small miracle” during the period between 2009 and 2013. They managed to increase their magnitude via differentiated marketing and extrovertial strategies contributing significantly to the Greek economy even during the financial crisis.

However, starting in December 2013, this upward path began to stagnate. Unfortunately, the territory won by Greek products in key markets in the middle of the crisis seems to be receding.

Greece exporters are forced to compete with borrowing cost that are 4% to 6% higher than competitors

The growth of Greek exports requires world-class logistics and supply chain capabilities. Investments in supply chain and logistics need competitive borrowing costs and loans to supplement the right allocation of efficient distribution through infrastructure, human resources, and operations.

The Greek export trade in a global economy must be able to compete fairly with their peers. But how do they compete when low profit margins evaporate (especially for SMEs, which are the largest percentage of companies with export orientation in Greece), after borrowing at interest rates that are 4% to 6% higher than their competitors? Businesses today, including exporters, are also handcuffed by absence of bank loans. Investments and infrastructure are operating at a fraction of potential because there is no competitive capital to continue operations.

ECB’s one-two punch to the stomach of Greece

The high borrowing cost for exporters is a direct result of the extraordinarily high interest rates on Greek government bonds. These high rates are a consequence of ECB’s first punch to the stomach of Greece with an unfair “57% penalty” on Greece government bonds, which was intended to be temporary but remains unchanged. The “57% penalty” is a second punch to the stomach of Greece, by essentially freezing bank lending in Greece and disqualifying almost all Greece collateral for loans. Ireland, Spain and Portugal incur a nominal rate of 5% to 13%.

Greece drove into the crisis with a patchwork of woefully deficient accounting of the government’s fiscal position. Keeping today’s patchwork of not internationally comparable government accounting and financial reports is keeping borrowing cost high, restricting bank loans and hurting both logistics and exports. This patchwork accounting is suffocating job growth. Starting now, Greece must show the world that it has adopted International Public Sector Accounting Standards (IPSAS).

Exporters can present IPSAS government financials to gain trust and confidence and win market share

Exporters can present the IPSAS government financial information to inspire the trust and confidence of our trading partners in the Greece government to win market share. Exporters can present the government’s world-class financials to change the impression of the Greece government financial information and win better terms.

Greece exporters are excellent salespeople. As unofficial ambassadors for the country, we need the tools to sell. We need the handcuffs removed. We can sell and win market share if our trading partners trust our government’s financials. We can significantly grow our exports if the market understands our huge unspoken of competitive advantage of debt that is one-third (1/3) of our credit peers.

The benefits of IPSAS go well beyond export growth. Households, businesses, and the government will see a decrease in borrowing cost and an increase in loan availability. IPSAS is an important "tool" to improve decision-making in the public sector. IPSAS is important for

governments as a reform for reducing taxation, accessing more attractive financing, reducing public debt, and creating jobs. We can build trust and confidence through transparency, which is the cornerstone of a successful relationship.

Our trading partners should know Greece debt to GDP is one-third (1/3) of its credit peers

Inertia is difficult to break, but the national benefits, especially creating new jobs, from building a virtuous circle are unquestionably worth the effort. The question now is who will educate the world about Greece as official or unofficial ambassadors and be remembered in history for putting Greece back on the right path for growth and prosperity.

The benefits of IPSAS can start immediately. The government can publish its net debt to GDP percentage under IPSAS and free exporters to show our trading partners that Greece net debt is one-third (1/3) of its credit peer countries. Our low debt is a huge competitive advantage, with huge benefits for everyone in Greece. Give us exporters the tools to build trust and confidence with our trading partners. Give us the tools to sell. Give us IPSAS, now.

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