

Current Account and Balance of Travel Services in Greece, in May 2015

According to data released by the Bank of Greece, the Current Account of Greece in May 2015 recorded a surplus of €4,07mn, significantly improved compared to May 2014 when it had recorded a deficit of €299mn. The improvement in May 2015 is due to an increase in the goods and services balance, which recorded a surplus of €725mn against a surplus of €90mn in May 2014. In particular, the goods deficit decreased to €985mn (down by 33%), whereas the services surplus rose to €1,710mn (up by 10%).

The improvement in the balance of goods is attributable primarily to a decrease in imports by 18% to €2,754mn, due to a 52% decrease in oil imports to €643mn, which more than offset the slight deterioration of exports, which contracted by 7% and amounted to €1,769mn. The sharpest decline was recorded in the exports of ships, which fell by 66% to €25mn down from €73mn in May 2014. Exports of goods excluding oil and ships fell by 3.6% reaching €1,162mn, whereas imports of goods excluding oil and ships increased by 5.2% reaching €1,965mn.

The improvement in the balance of services by €159mn was mainly the result of an increase in travel receipts by €177mn (+17%) as well as a more moderate increase of €65mn (+6%) in transportation receipts, which counterbalanced the decrease in the receipts from other services by €63mn (-14%). The net balance of travel services and transportation services was €124mn and €39.5mn respectively, whereas the net balance of other services was -€4.6mn.

The primary income deficit fell by 32%, down to €196mn, which is due both to an increase in primary income receipts by €56mn (+17%) and to a decrease in primary income payments by €34mn (-6%). The deficit in secondary income expanded, however, by €20mn (+19%) up to €122.5mn primarily because of an increase in secondary income payments by €36mn (+17%).

In the period January – May 2015 the current account deficit reached €2,726mn, up by €122mn (+4.7%) compared to January – May 2014. This deterioration occurred mainly because of a decrease in net primary income by €779mn and a rise in the secondary income deficit by €239mn, which offset the contraction of the goods and services deficit by €896mn.

In the period January – May 2015 the goods deficit contracted by €910mn (-12%) mainly because of a drop in ships' imports by €927mn (-66%), whereas the services surplus was reduced by €14.3mn primarily because of a €64mn drop in receipts from other services and a €251mn rise in transportation payments. Exports of goods excluding oil and ships amounted to €5,765mn recording a small increase of 0,7%, whereas imports of goods excluding oil and ships amounted to €9,640mn rising by 7,9%.

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Travel services were the catalyst for the improved current account balance in May 2015

Receipts from travel services in May 2015 amounted to €1,215mn increased by 17% compared to May 2014. This is attributed both to a rise in the average non-resident expenditure per trip by 4.3% to €626 and to a rise in the total of inbound travelers by 13%, amounting to 1,9mn travelers.

In May 2015, inbound travelers from Euro area countries, who accounted for 40% of total inbound travelers, reached 0,75mn increased by 14%, whereas travelers from non-Euro area countries within the EU28 reached 0,56mn increased by 45%. On the contrary, travelers from other countries fell by 8%, a development that is attributable mainly to the decline in inbound travelers from Russia by 67%.

Travel receipts recorded a rise of 17% in total in May 2015, with receipts from Euro area countries increasing by 16% and receipts from non-Euro area countries within the EU28 increasing by 58%. It should be noted that these two origin markets accounted respectively for 42% and 24% of total receipts in May 2015.

For the period January – May 2015, travel receipts rose by 15%, because of an increase in inbound travelers by 27%, which offset the decrease in the average non-resident expenditure per trip by 9%. Travelers from Germany, the UK and the USA increased significantly (25%, 46% and 37% respectively), while travelers from Russia were less by 62%.

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