

3. SPECIAL TOPICS

BOX 1. CYCLICAL AND STRUCTURAL DRIVERS IN THE IMPORT GROWTH

In the post-covid period, structural changes in the economy have become particularly noticeable, including in terms of domestic demand and production structure. The declining share of imports relative to gross domestic product (GDP) is one of the important tendency. This, on the one hand, contributes to maintaining the current account deficit at a low level. On the other hand, it also indicates acceleration in the pace of growth of economy's production potential. Other things being equal, in the times of high economic growth, demand for imported goods typically increases proportionally. However, as noted, in recent years income growth has consistently outpaced growth in import expenditure. This tendency persisted in 2025 as well. A relatively low import growth is observed in the first two quarters of 2025. Specifically, in June 2025, import of goods increased by 0.9% year-on-year (in nominal terms, U.S. dollars), while in the first half of the year growth amounted to only 6.2%⁵.

The slowdown in import growth amid robust increase in output may be attributed to a range of factors, such as structural, cyclical, or one-off in nature. Distinction of these factors is important to assess whether the moderation in demand for imported goods is temporary in nature or reflects structural changes in the economy associated with longer-term economic tendency.

When analysing these factors, it is essential to evaluate import in real terms, since in recent periods the decline in nominal imports has been partly driven by price changes. For instance, currently, the decline in oil prices is slowing the pace of import growth. Similarly, the increase in oil prices was one of the driver of high import growth in 2022. Since the product exhibits low demand elasticity, price changes lead to changes in import expenditure. Moreover, in this analysis, those identifiable goods, that may not be related to cyclical and structural factors affecting the economy, are excluded from the various components of import. For example, the import of vehicles, as well as large one-off import components, are excluded from the consumer goods import.

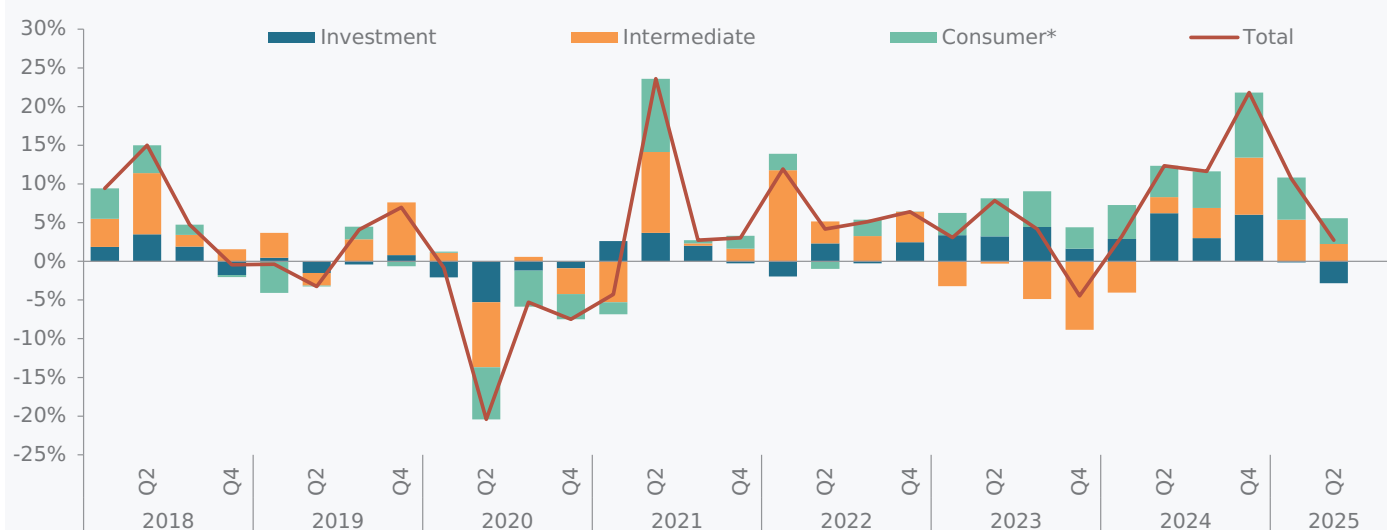


Figure 3.1.1. Real Import Growth Decomposition

Source: NBG, Geostat.

* By excluding one-off components in import

In recent quarters, the slowdown in real import growth has been primarily driven by imports of investment goods (see Figure 3.1.1)⁶. However, it should also be noted that the real import growth of this component was particularly high last year, which may partly reflect its cyclical nature. In particular, firms accumulate inventories during favourable times, followed by a slowdown in import activity as they draw down these stocks. This is notable, for example, in figure 3.1.2, that shows the ratio of import components to GDP, according to which the level of investment goods imports was quite elevated last year (year-on-year 26%).

⁵ By excluding one-off components in import

⁶ To measure real import, imported price component of the Consumer Price Index was used as a deflator, in the case of consumer goods, while the real values of other import components have been calculated using the overall import price index.

Thus, we can consider this as a cyclical movement, and low growth in investment goods imports is expected this year due to the base effect. Meanwhile, consumer goods imports, although showing some slowdown, remain robust and increased by 9.6% year-on-year in the second quarter of 2025. Alongside raising incomes, an increase in savings is also observed, which in turn supports the declining tendency of the import-to-GDP ratio over the long term.

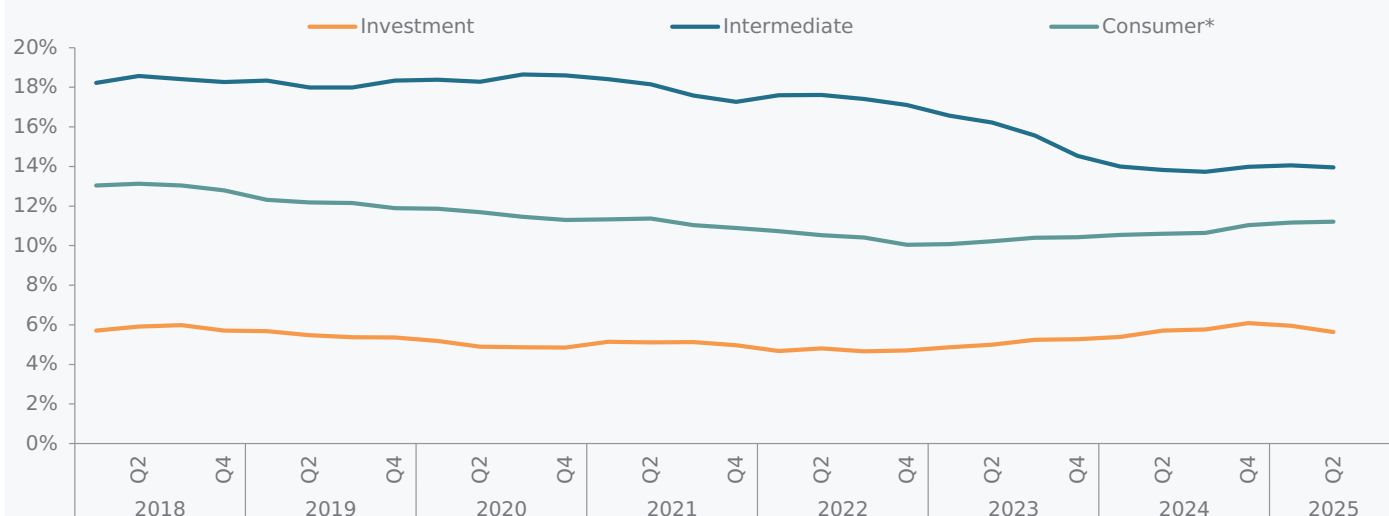


Figure 3.1.2. The Ratio of Real Import Components to GDP

Source: NBG, Geostat.

* By excluding one-off components in import

Against this background, the tendency of slowdown in import of intermediate goods is noticeable, which may reflect the ongoing structural changes in the economy. A marked reduction in intermediate goods import has been observed since 2022. Over the same period, a reduction in the contribution of import-intensive sectors to GDP growth has also been observed in post pandemic period (see figure 3.1.3), indicating that the economy is expanding increasingly as a result of activity in less import-intensive sectors. This is consistent with the fact that economic growth in post-pandemic period has largely been led by the services sector. This, in turn, relies more on the intensive use of labor compared to imported material resources. For instance, the information and communication sector is one of the least import-intensive sectors, which mainly relies on labor in the service delivery process.

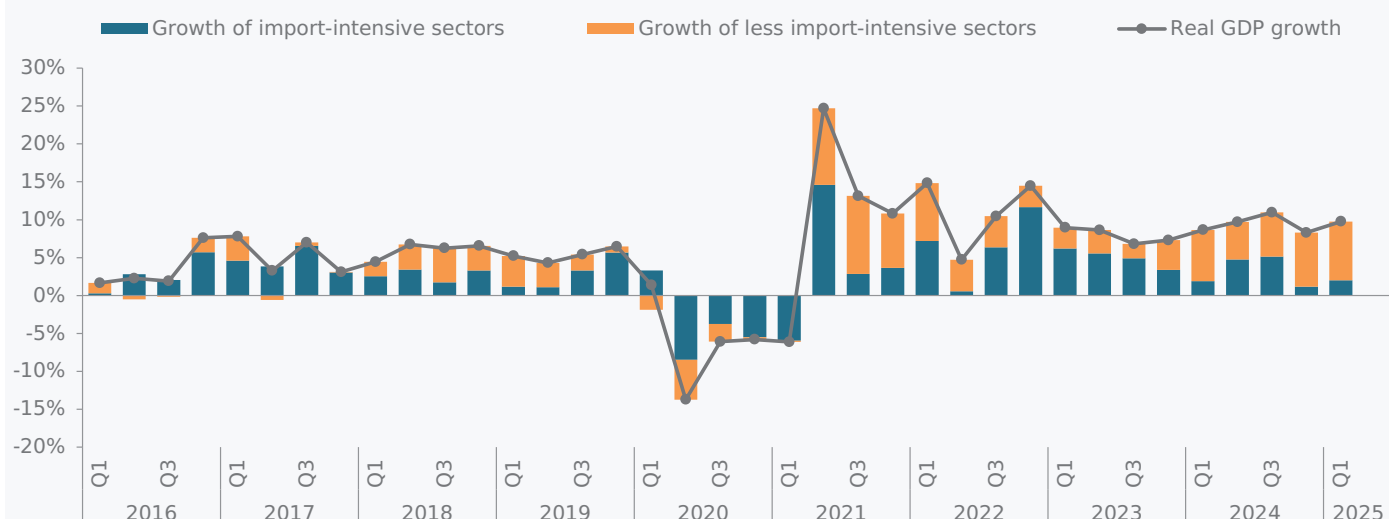


Figure 3.1.3. Decomposition of Economic Growth by the Contribution of Import-Intensive and Less Import-Intensive Sectors

Source: Geostat.

Finally, on the one hand, a notable change in the level of intermediate goods import is observed, which may be associated with existing structural shifts in the economy and the growth acceleration in less import-intensive sectors. This, in turn, reflects long-term economic trends. On the other hand, the recent reduction in investment goods imports – currently primary driver of relatively subdued import growth – is largely result of base effect and may be of a relatively temporary in nature. In this context, the growth of consumer goods imports is robust and in line with its long-term dynamics.