

# Investment in Transport Equipment in Greece and the Eurozone

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# Investment and the Production Process

Production Function:  $y = f(L, K, Z)$

The total differential is of the form of:

$$dy = (\partial y / \partial L)dL + (\partial y / \partial K)dK + (\partial y / \partial Z)dZ$$

$dK$  is the net change in the capital stock, which by definition is equal to net investment at the firm/industry level.

Total or Gross Investment ( $I$ ) is equal to net investment ( $I_n$ ) plus the investment to replace the technologically obsolete or worn-out capital (plant and machinery) ( $I_d$ ):

$$I = I_n + I_d$$

# Investment's Role

- Investment is a flow economic variable that replenishes and adds to the stock of capital. The stock of capital is an asset like a house, a plant, a machinery, a car, an airplane etc.
- The stock of capital is used to produce intermediate and final goods and services.
- Investment in transport equipment is the amount of money used to replenish and/or increase the capital stock in industries that produce transport equipment.

# Transport Equipment Industries

- 1) manufacture of motor vehicles, trailers and semi-trailers;
- 2) manufacture of motor vehicles;
- 3) manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers;
- 4) manufacture of parts and accessories for motor vehicles and their engines;
- 5) manufacture of other transport equipment;
- 6) building and repairing of ships and boats;
- 7) manufacture of railway and tramway locomotives and rolling stock;
- 8) manufacture of aircraft and spacecraft;
- 9) manufacture of motorcycles and bicycles;
- 10) manufacture of other transport equipment n.e.c. (non elsewhere classified).

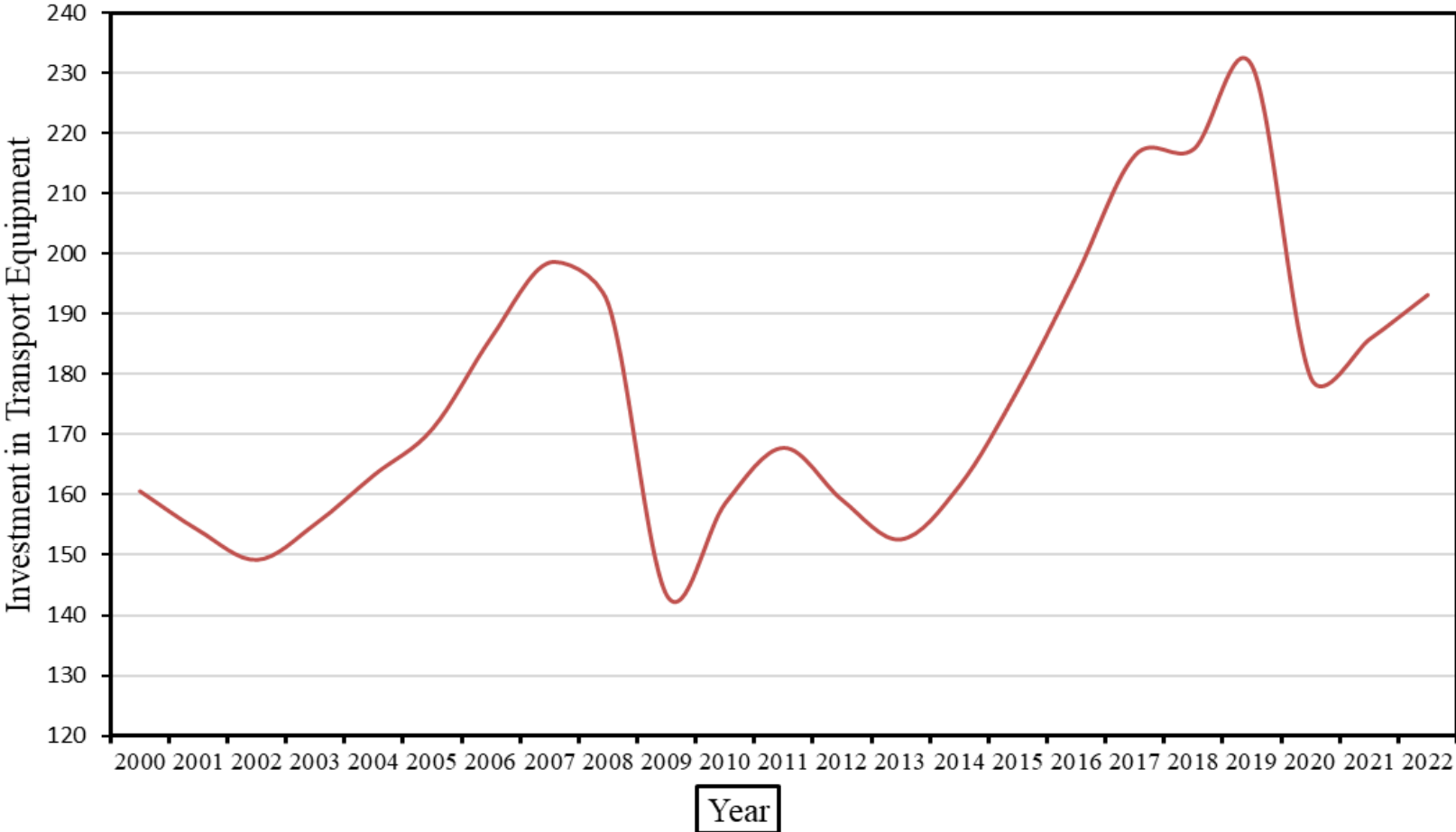
# EU's Transport Commissioner I

1. Developing a comprehensive strategy for **sustainable and smart** mobility, ensuring a transport sector fit for a clean, digital and modern economy.
2. Promoting **sustainable** and alternative transport fuels for road, maritime and air transport.
3. Working to extend the Emissions Trading System to the maritime sector and reducing free allowances for airlines.
4. Leading in international fora such as negotiating global emissions reductions within the International Civil Aviation Organization and the International Maritime Organization.
5. Contributing to a zero-pollution goal, mitigating the impact of transport on the climate and natural environment from emissions reductions to air, water and noise pollution.
6. Reviewing the Energy Taxation Directive, aligning it with the Commission's climate ambitions and bringing an end to fossil-fuel subsidies.
7. Modernizing transport systems, such as connected and automated mobility, with a strong focus on digital innovation.

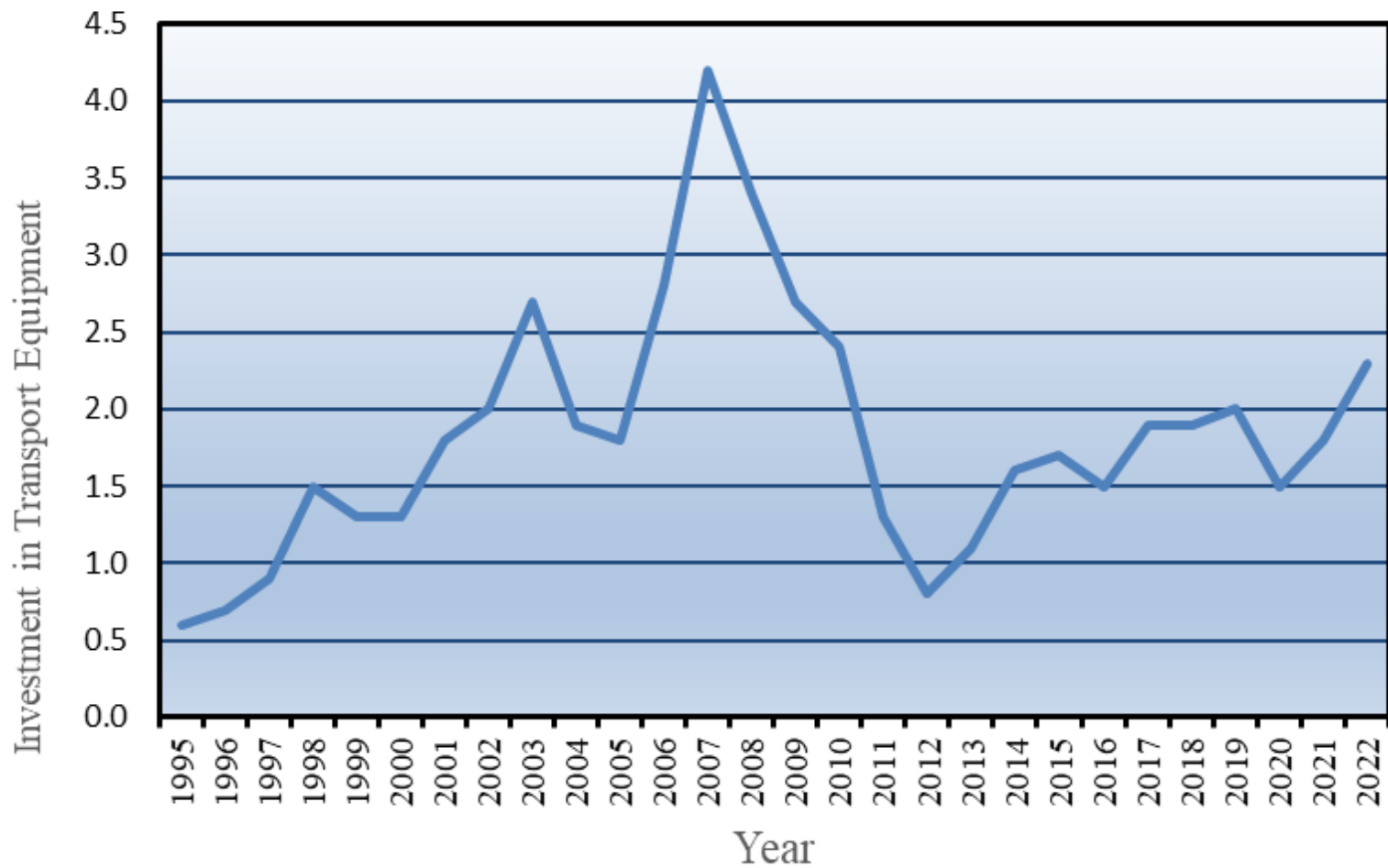
# EU's Transport Commissioner II

8. Swiftly completing missing infrastructure links and the Trans-European Transport Network, underpinned by a fair and functioning internal market for transport.
9. Ensuring passenger rights are respected and transport remains affordable, reliable and accessible, particularly for low-income households and those in remote areas.
10. Ensuring the highest safety standards as traffic increases and security threats become more complex.
11. Working closely with key partners to open up new market opportunities and to enforce existing agreements.
12. Improving connectivity links, particularly in the EU's neighbourhood and Western Balkans.
13. Ensuring effective implementation of dual-use infrastructure projects to improve military mobility using Connecting Europe Facility funds.
14. Contributing to a **sustainable** and competitive tourism industry.

Eurozone: Investment in Transport Equipment  
(billions of constant 2010 euro)

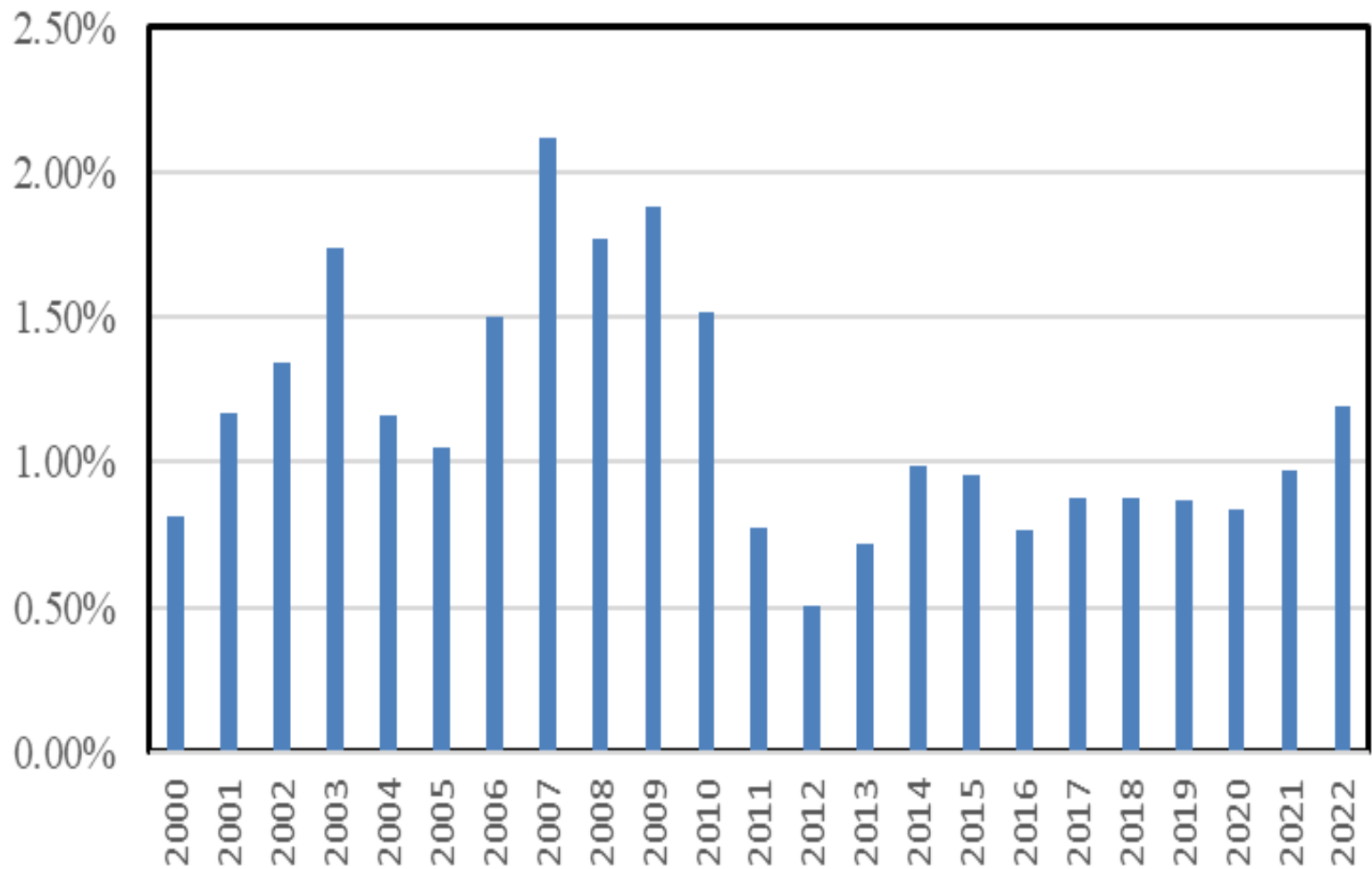


Greece: Investment in Transport Equipment  
(billions of constant 2010 euro)

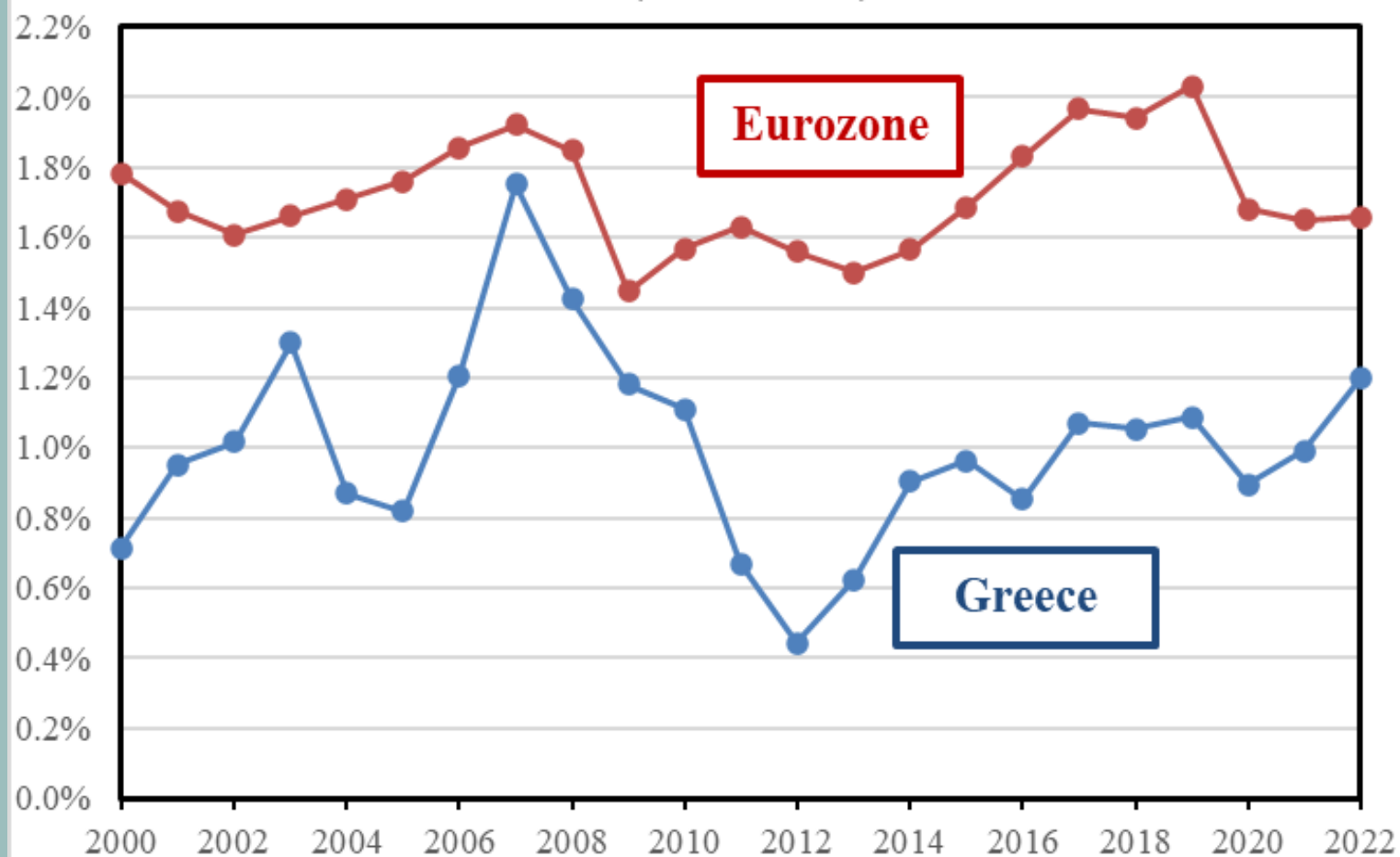




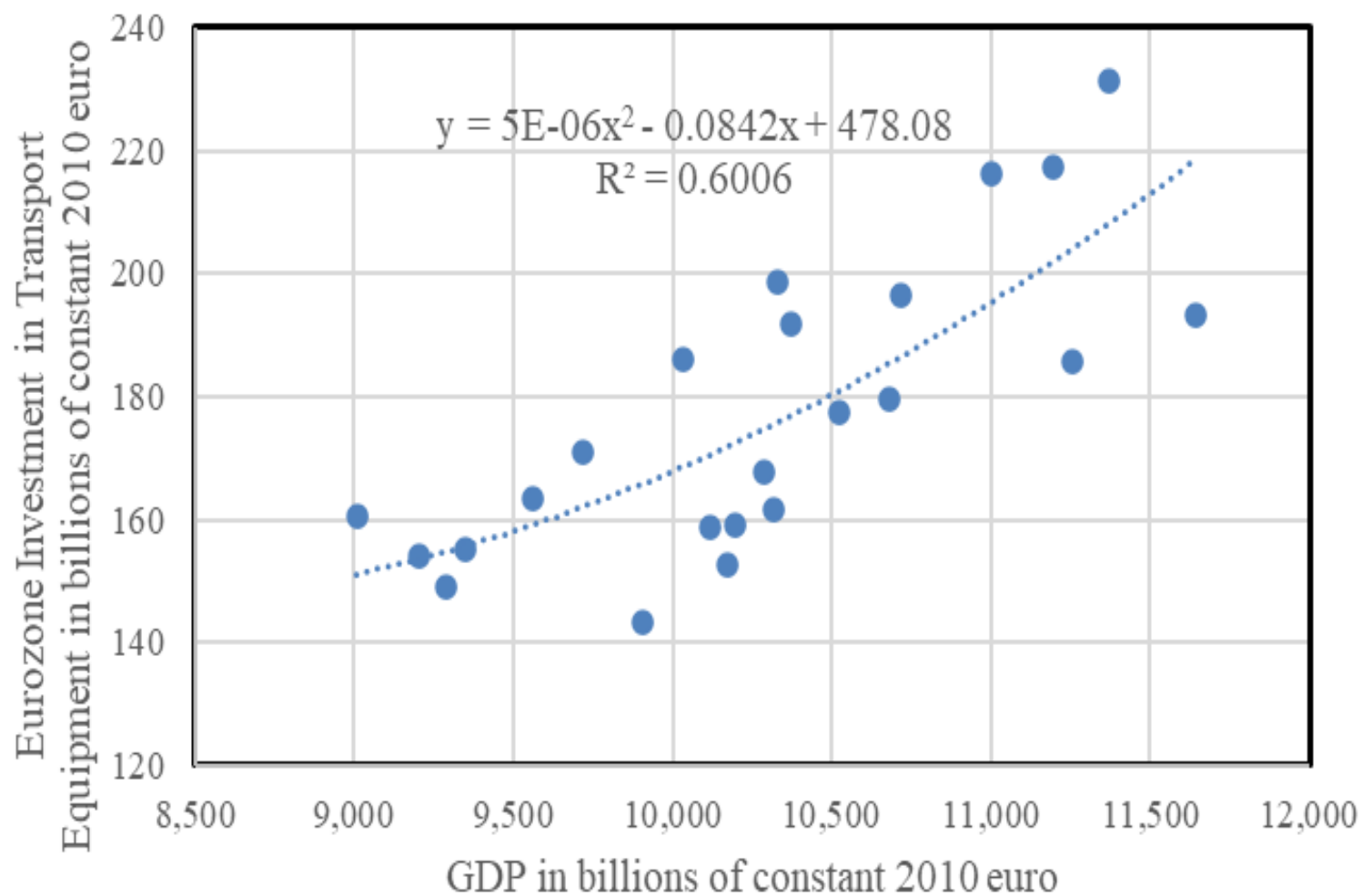
## Greek/Eurozone Investment in Transport Equipment (%)



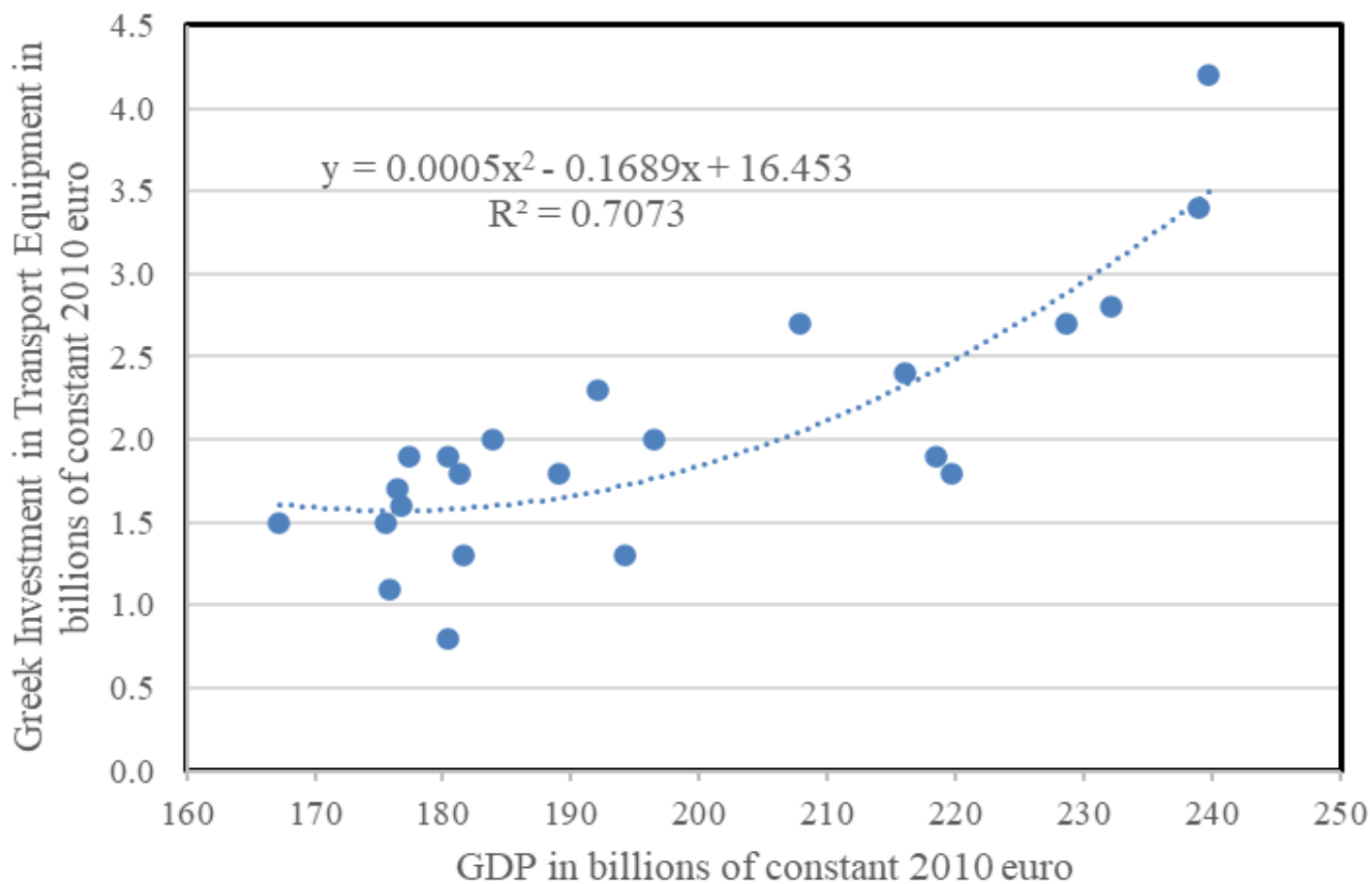
## Investment in Transport Equipment (% of GDP)



## Eurozone: GDP and Investment in Transport Equipment



## Greece: GDP and Investment in Transport Equipment



# Summary

- ❖ Investments replenishes and adds to capital stock.
- ❖ The capital stock is used to produce intermediate and final goods and services.
- ❖ In the European Union (Eurozone, Greece) the transportation sector (industries) is committed to serve the objective of sustainability by setting certain targets that take into account the climate change and the digital economy.
- ❖ The investment in transport equipment is more sensitive to external economic and noneconomic crises such the Great Recession of 2009 and the Pandemic of 2020 than the other sectors of the economy.
- ❖ Relative to the Eurozone, the Greek investment in transport equipment has been impacted harder during the Great Recession and the pandemic.
- ❖ In both the Eurozone and Greece, there exists a strong positive relation between investment in transport equipment and Gross Domestic Product (GDP)

**Thank You!!!**

