

Hellenic Export Prices and European Monetary Integration, 1970-1995

STAMATOPOULOS Theodoros V.

We aim to explain the variability of the Hellenic Export Index Unit Value, during the period 1970-1995. The Hellenic index of unit labour cost, an effective index of unit value of European competitors' exports and the effective exchange rate of the Greek Drachma (GRD) are used as explanatory variables, suggested by the literature and much more by the consequences of the Hellenic accession into the EEC. We found evidence with regards to the sample's split in the accession's year 1981 and the equilibrium relationship between Hellenic export prices and exchange rate of GRD during the second sub-period. In addition, in spite of the small size of the Hellenic economy we detected the Greek exporters' discreet pricing policy, for the first sub-period, this was possible due to the diversification of their destination markets and for the second, the sliding rate policy of the Bank of Greece. The latter policy combined with the European competitors' pricing policy re-established their margins, with at the most a year lag, whenever the Hellenic labour cost was increased.
