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**Title of abstract:** *Exchange Rate Pass-Through and Managed Float in a Small Open Economy*

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**Topic:** *Hellenic Economy*

**Abstract:** We explore the hypothesis of incomplete exchange rate pass-through to import prices for the Hellenic economy during its course to the EMU. We are searching if "expenditure-switching" effects on the current account were operate and consequently if managed float of the Hellenic Drachma (GRD) by the Bank of Greece was efficient.

In a partial equilibrium framework, we use the generic regression model proposed by Goldberg & Knetter (1997) and co integration analysis initiated by Johansen (1988), for the Hellenic bilateral trade against Germany, Italy, France and the United Kingdom, during the 1975q1-1998q4 era.

The main empirical evidence is in favour of long run effectiveness of the exchange rate regime adopted, which is namely verified by (a) the producer currency pricing of Hellenic imports, (b) the fact that almost complete exchange rate pass-through to the import prices and (c) the exchange rate disconnection from the industrial production.

