

GREECE

Despite brisk growth in recent years, a large gap in GDP per capita remains vis-à-vis the European Union. Labour market regulations are rigid and barriers to product market competition are high.

Policy priorities

Ease employment protection legislation

Challenge and recommendations: To improve labour turnover and reduce gender/age imbalances of unemployment, it was recommended that high severance costs for white-collar workers be brought more in line with those for blue-collar workers, while ensuring no discrimination against part-time employment.

Actions taken: Recent legislation has abolished permanent contracts for new employers in all public entities and enterprises.

Ease product market regulation

Challenge and recommendations: To strengthen productivity performance, it was recommended that the liberalisation of key sectors be accelerated, while also enhancing the powers and responsibilities of the Competition Committee and the sectoral regulators, providing the former with adequate staff and funding.

Actions taken: The Administration Code of the Electric Energy Transactions System was approved in May 2005, facilitating the deregulation of the sector. A law aiming at significantly upgrading the Competition Committee was passed in July 2005.

Reduce administrative burden on start-ups

Challenge and recommendations: To reduce substantial barriers to entrepreneurship, it was recommended that bureaucratic requirements for start-ups be significantly further reduced, accompanied by reforms to labour and bankruptcy legislations.

Actions taken: Registration and licensing procedures for new businesses have been simplified further under a new law in 2005. The adoption of International Accounting Standards has become mandatory as from 2005.

Further simplify the tax system

Challenge and recommendations: To encourage investment, it was recommended that the tax system be further simplified to reduce compliance costs and that enforcement efforts to curtail tax evasion by the self-employed be increased.

Actions taken: A tax reform package agreed in autumn 2004, containing further measures to reduce tax burdens, simplify the tax code and reduce compliance and collection costs, came into force in 2005. Additional measures have been implemented in 2005 to fight tax evasion and broaden the tax base. Bank secrecy for tax purposes has been abolished.

Reduce incentives for early retirement

Challenge and recommendations: To boost labour force participation rates, it was recommended that incentives for early retirement be reduced, pensions be linked to lifetime earnings, and stricter eligibility criteria be implemented.

Actions taken: No recent action.