



OECD ECONOMIC SURVEY OF GREECE 2018

*Achieving an inclusive and
sustained recovery*

30 April 2018, Athens

<http://www.oecd.org/eco/surveys/economic-survey-greece.htm>



@OECDeconomy



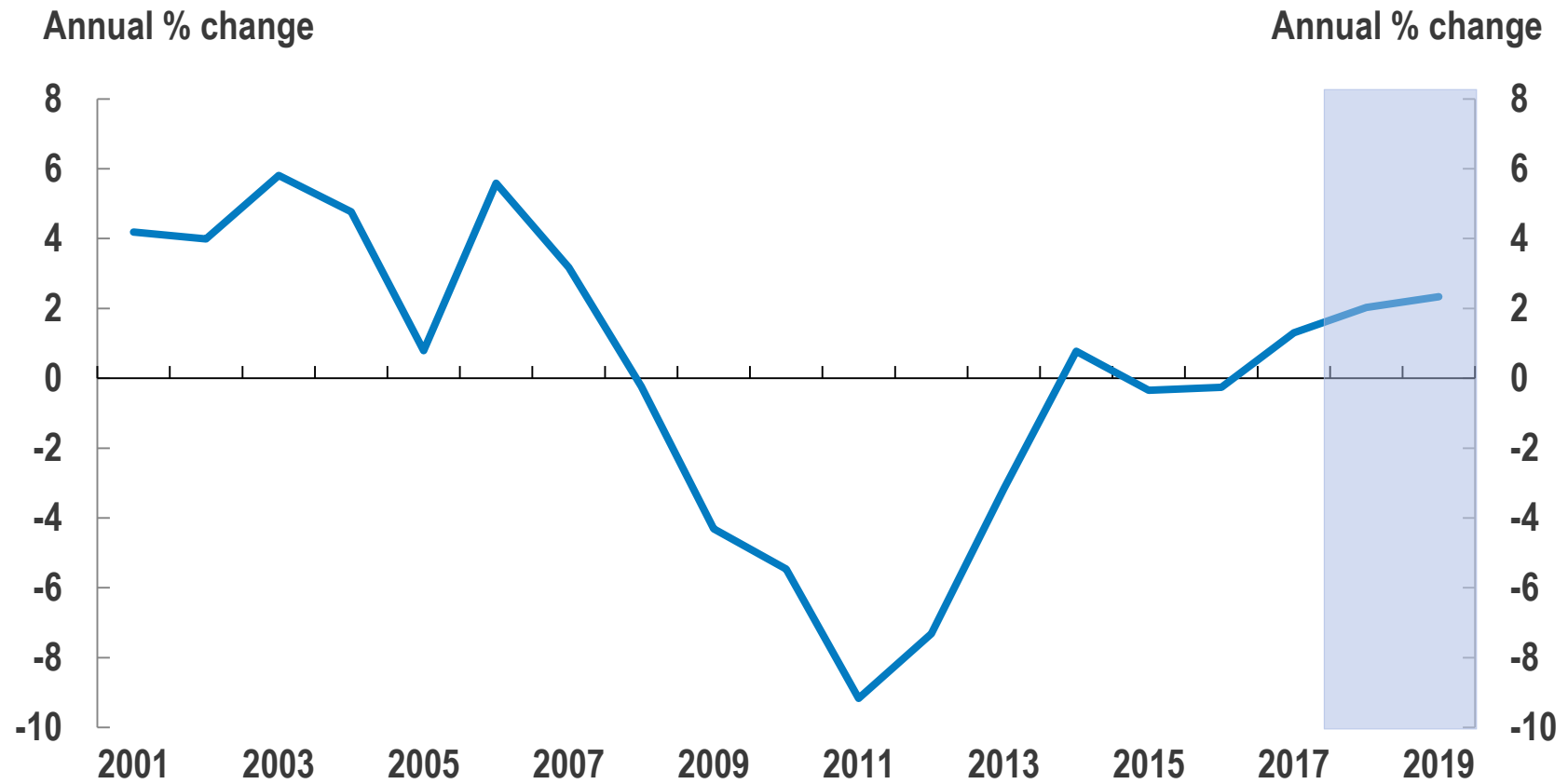
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The economy is finally recovering

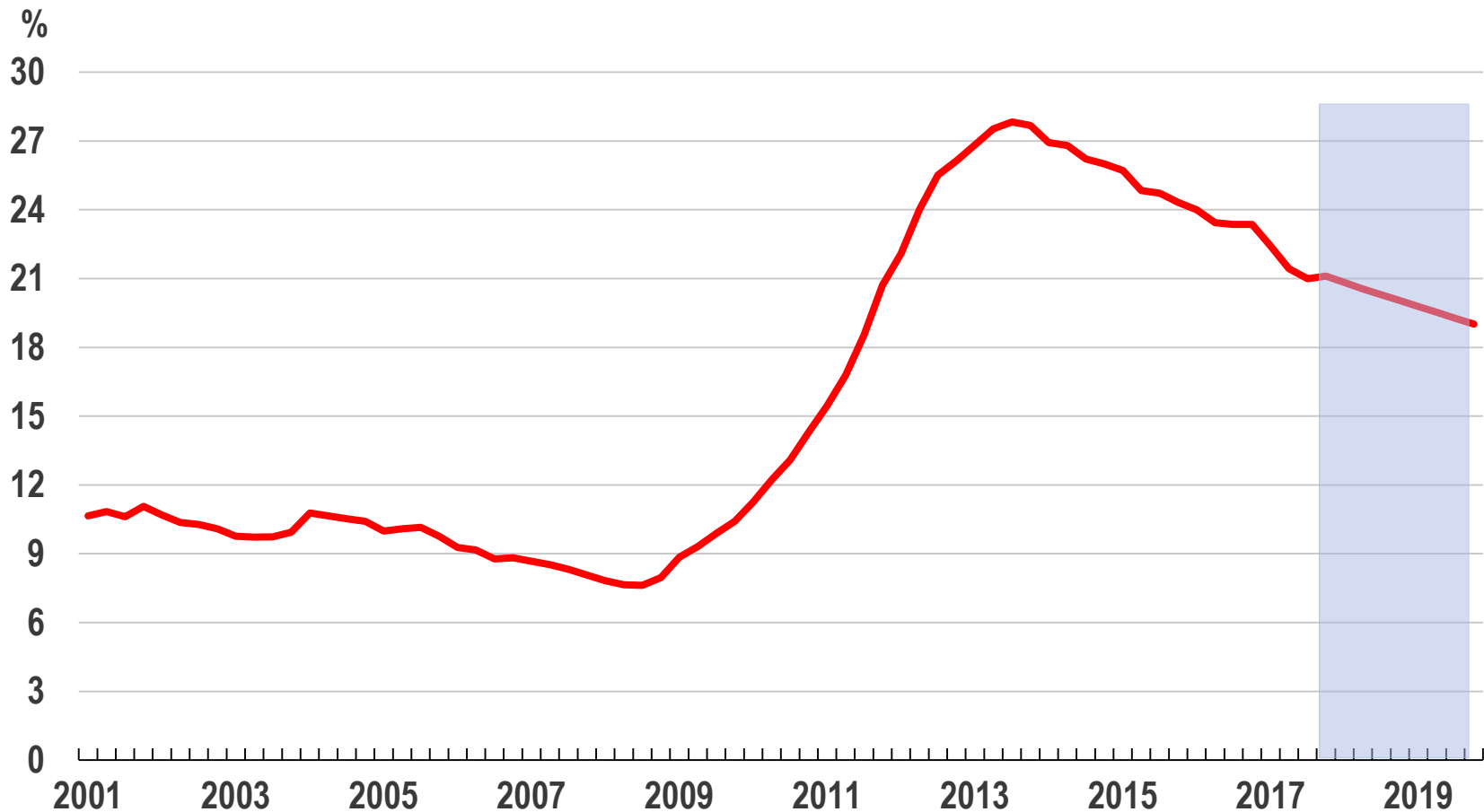
Real GDP





Unemployment is falling

Unemployment rate

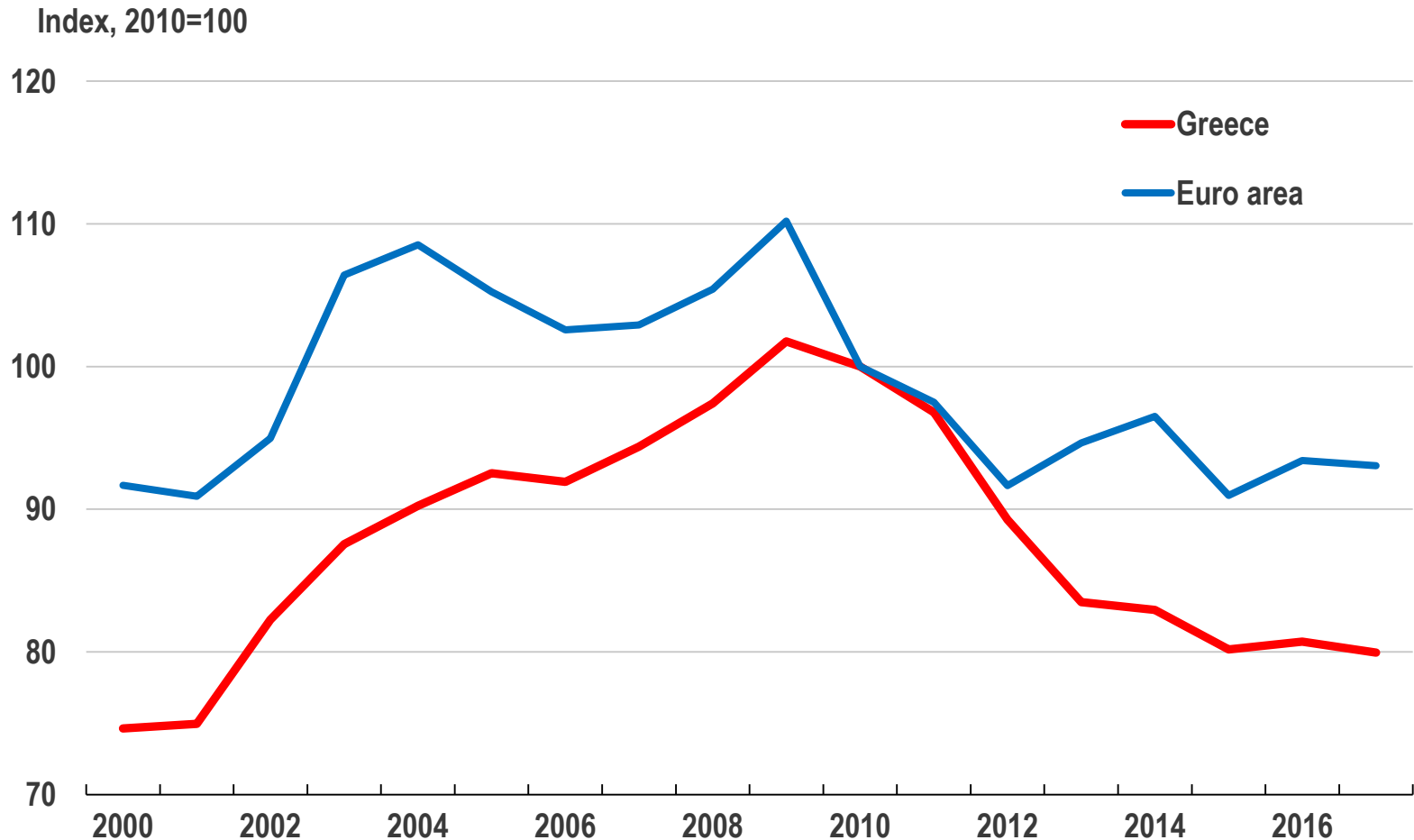


Source: OECD (2018), *OECD Economic Outlook: Statistics and Projections* (database).



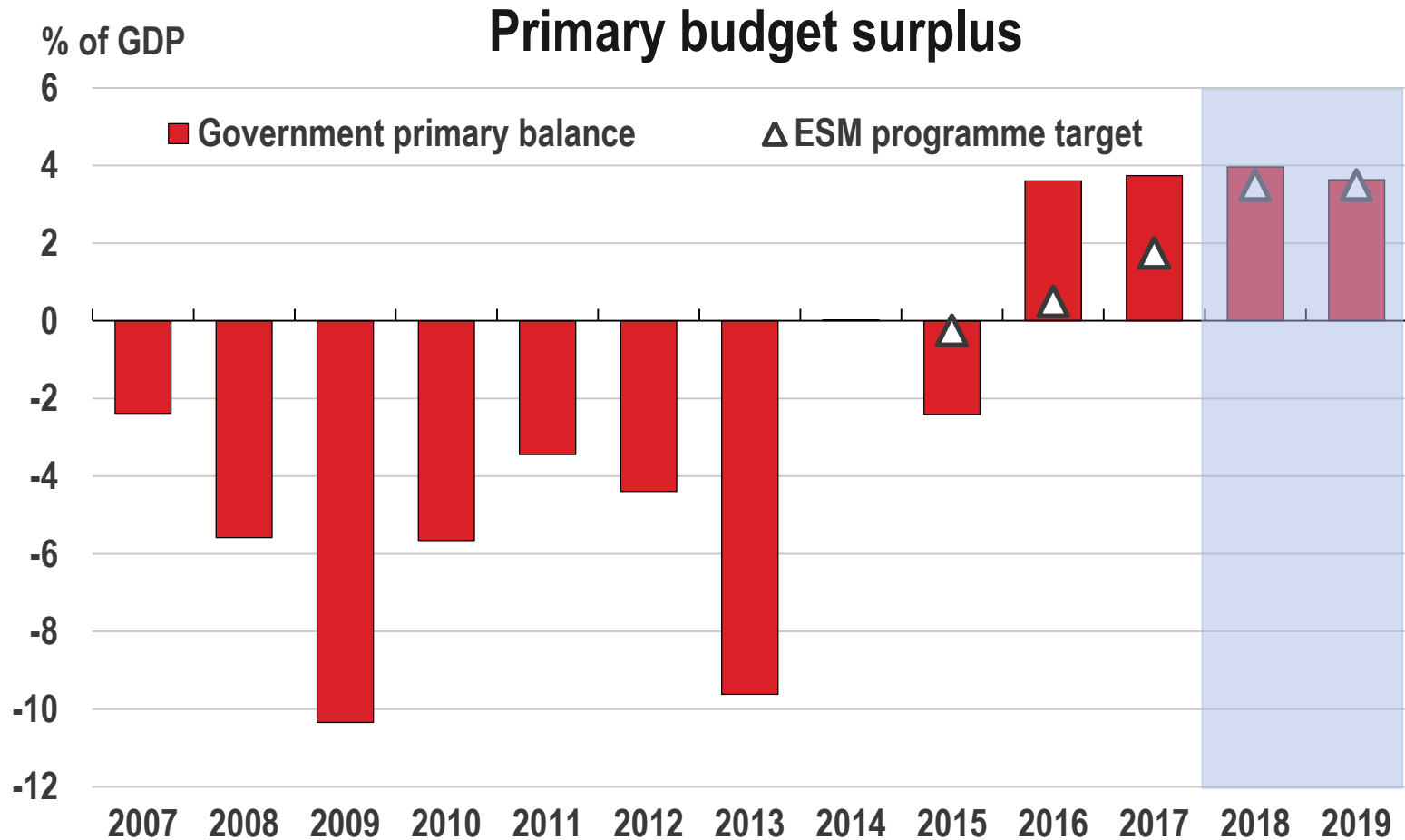
Competitiveness has improved

Relative unit labour costs





The fiscal situation is strengthening



Note: The primary balance definition is different from that used in the ESM Support Stability Programme.

Source: OECD (2018), *OECD Economic Outlook: Statistics and Projections (database)* and EC (2018) *Compliance Report ESM Stability Support Programme for Greece*



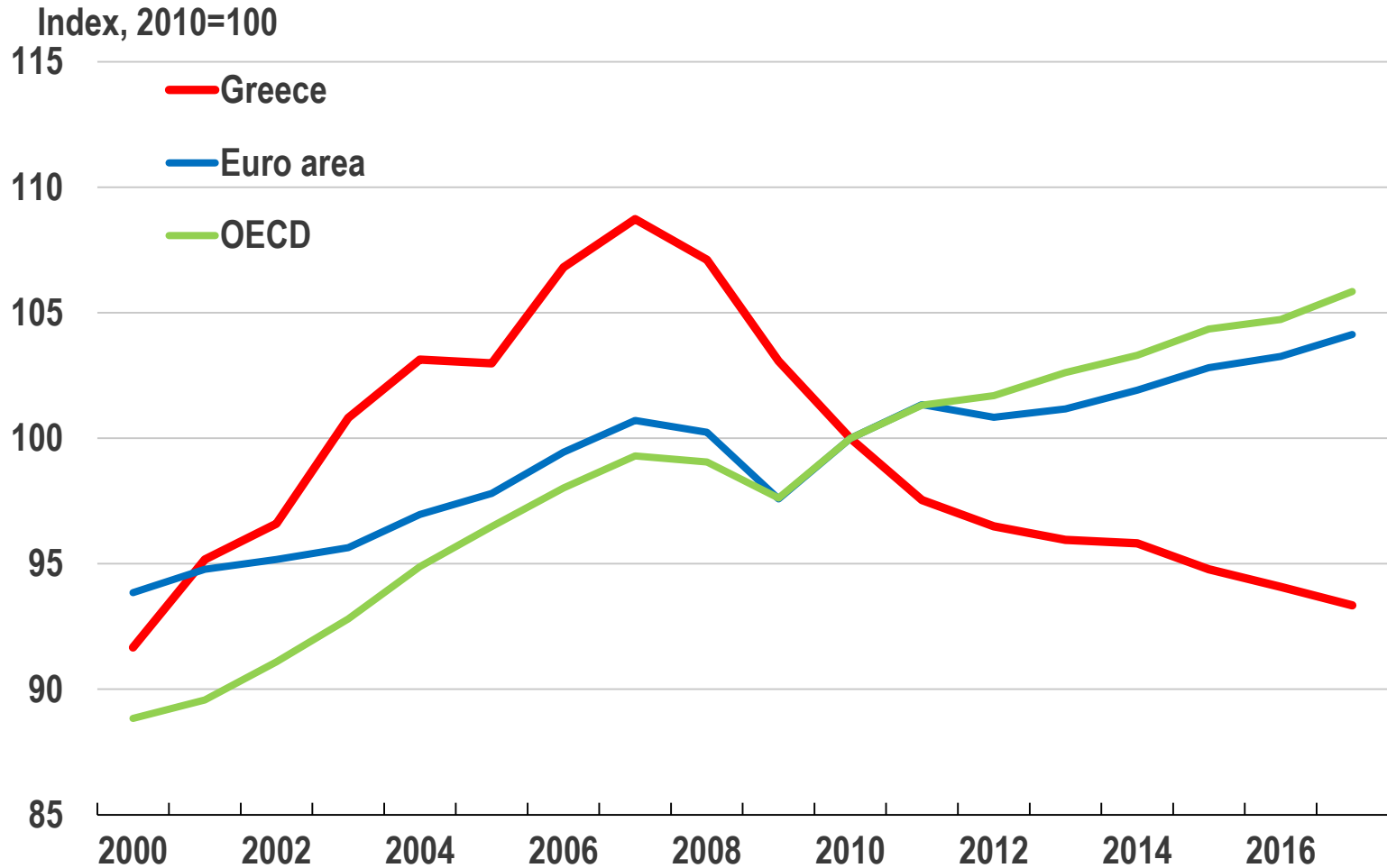
Structural reforms have been extensive

Reforms implemented	Ongoing reforms	Reforms to do
Tax compliance	Public administration and financial management	Further product market liberalisation
Spending reviews	Anti-corruption	Public administration and judiciary for rule of law
Corporate law	Judiciary	Complete land registry
Insolvency procedures	Capital controls	Logistics and transport plan
E-auctions, loan servicing bodies and secondary market	Regulation impact assessments	Arrangements for agreeing pay and work conditions
Out-of-court workout	Pensions	Minimum wage commission
Opening protected markets	Rationalise social benefits and administration	In-work benefits for low wages
Targeted social protection for low income families	Housing and disability allowances	Certify professional education
State asset management and concessions	Active labour market programmes for re-training and job matching	Expand active labour market and family programmes
	School management	Raise effective retirement age



Productivity continues to decline

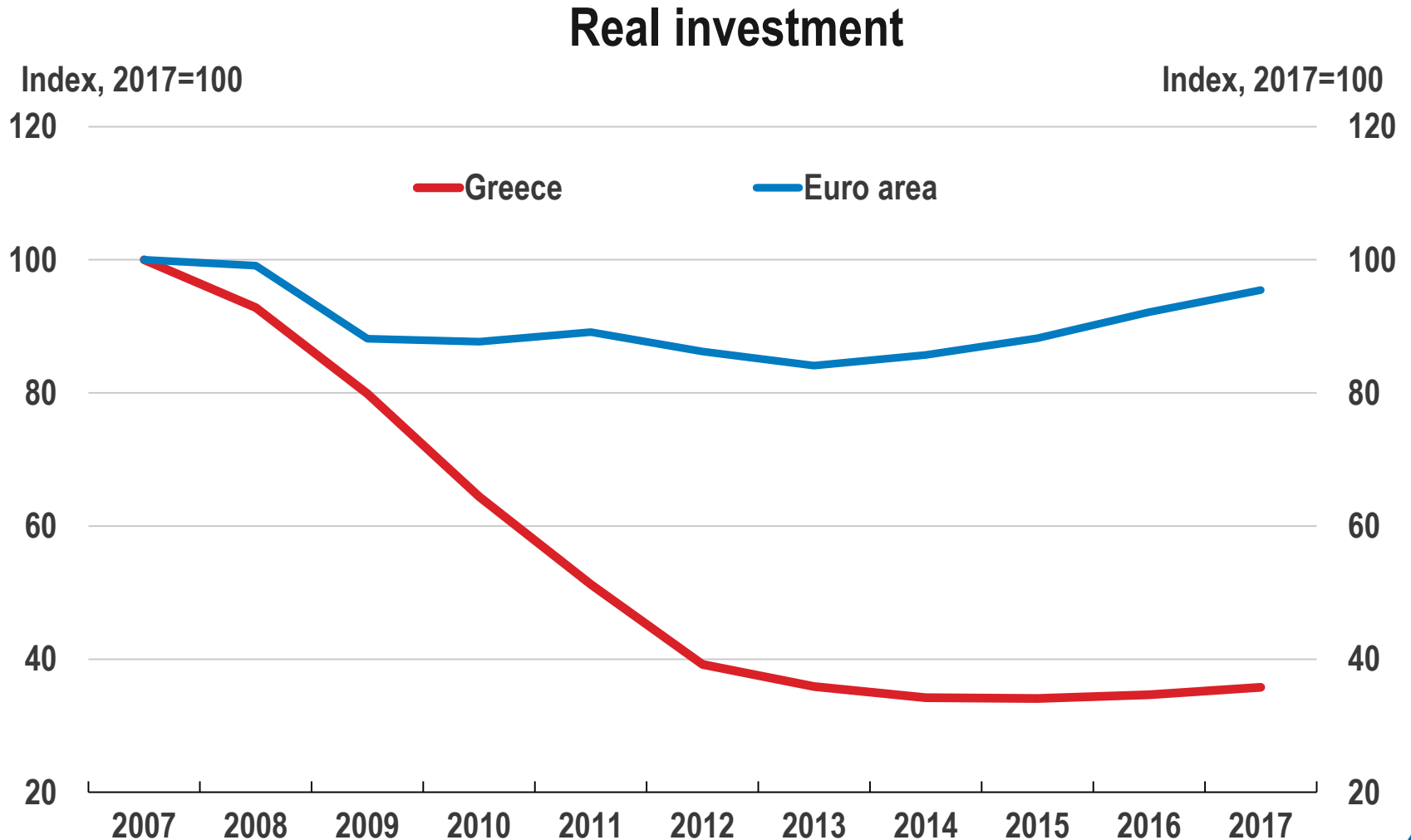
Labour productivity



Source: OECD (2018), *OECD Economic Outlook: Statistics and Projections* (database).



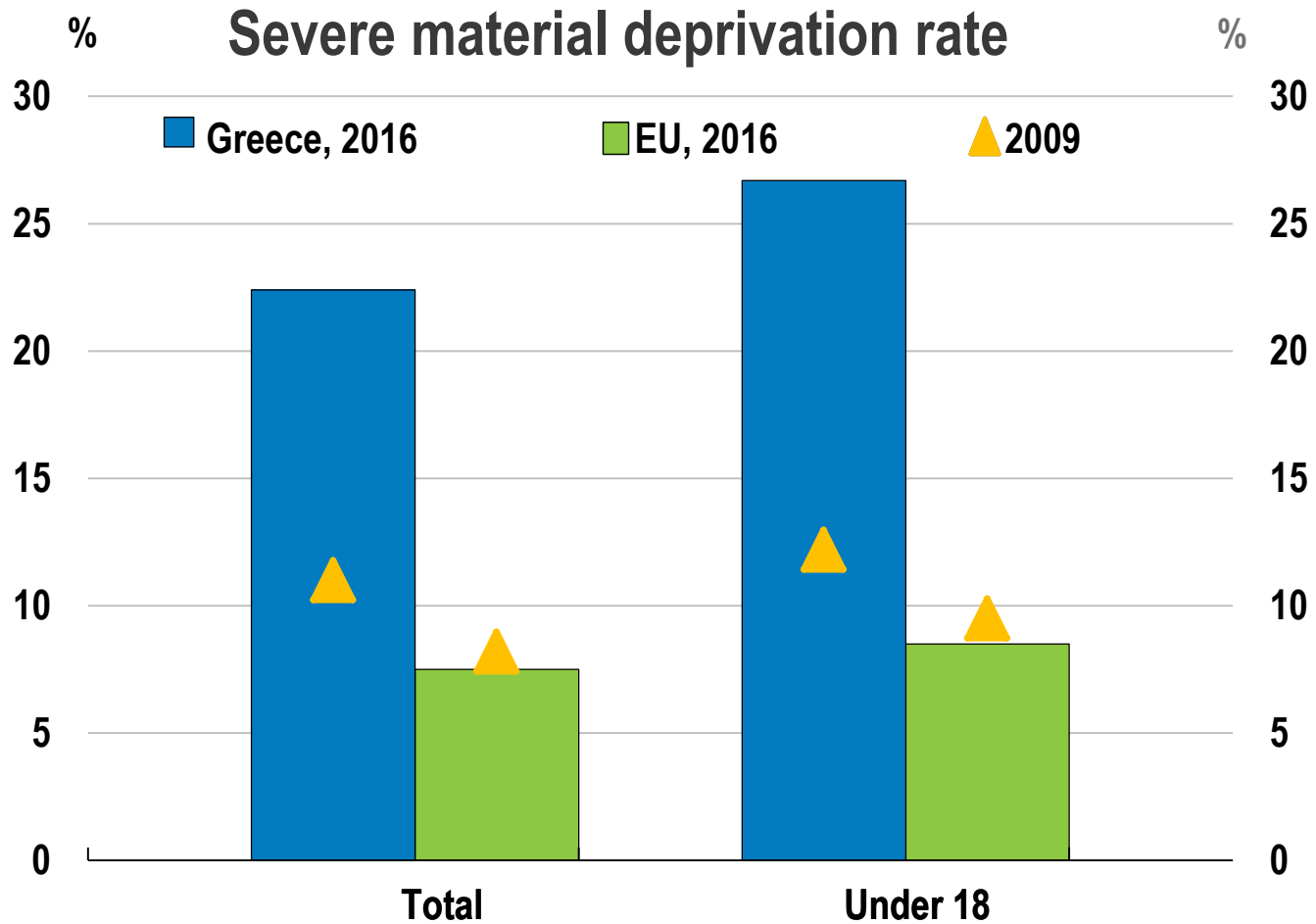
Investment fell sharply during the crisis



Source: OECD (2018), *OECD Economic Outlook: Statistics and Projections* (database).



Poverty is very high, especially among the young



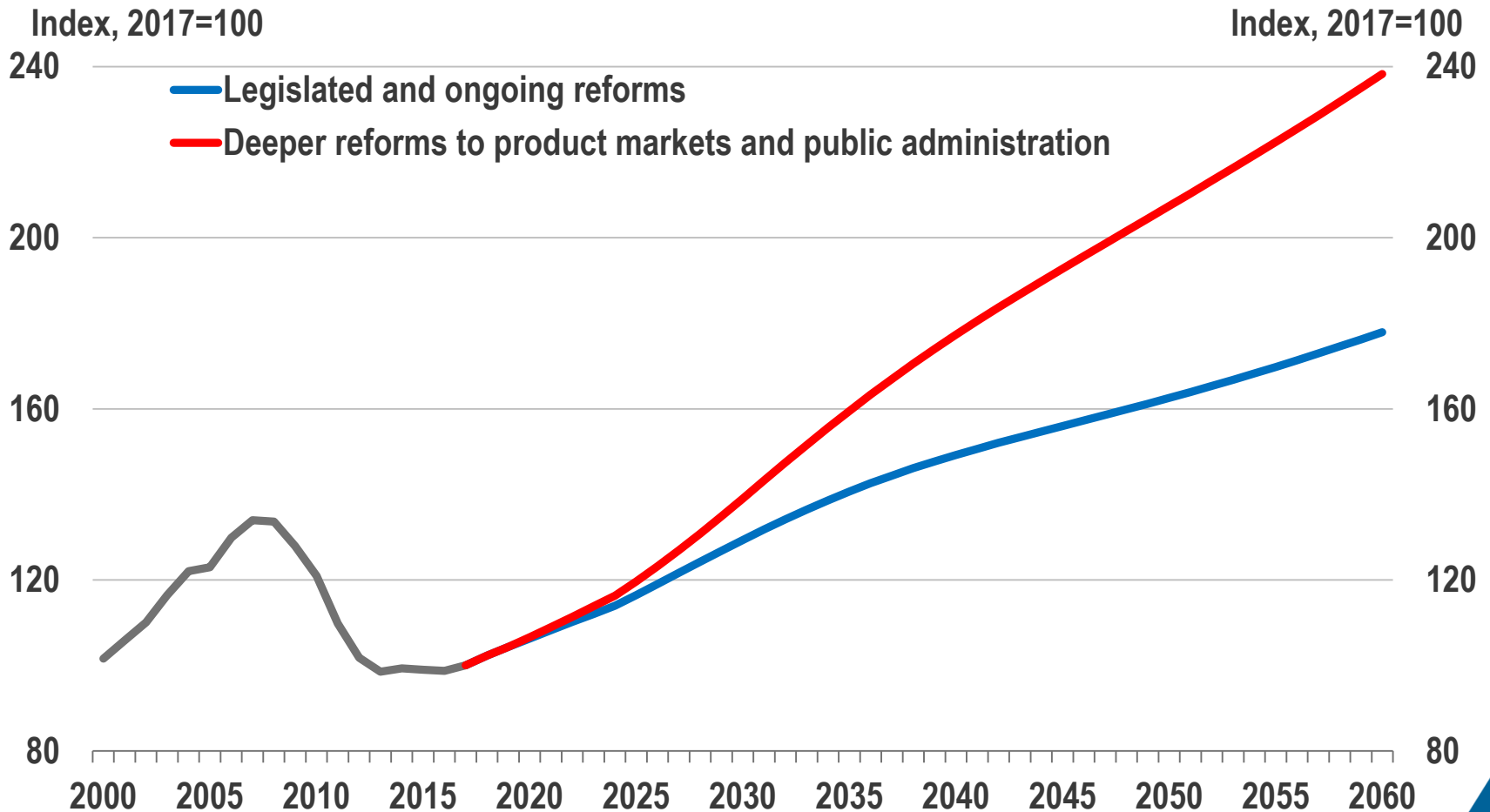


Boosting inclusive and sustainable growth



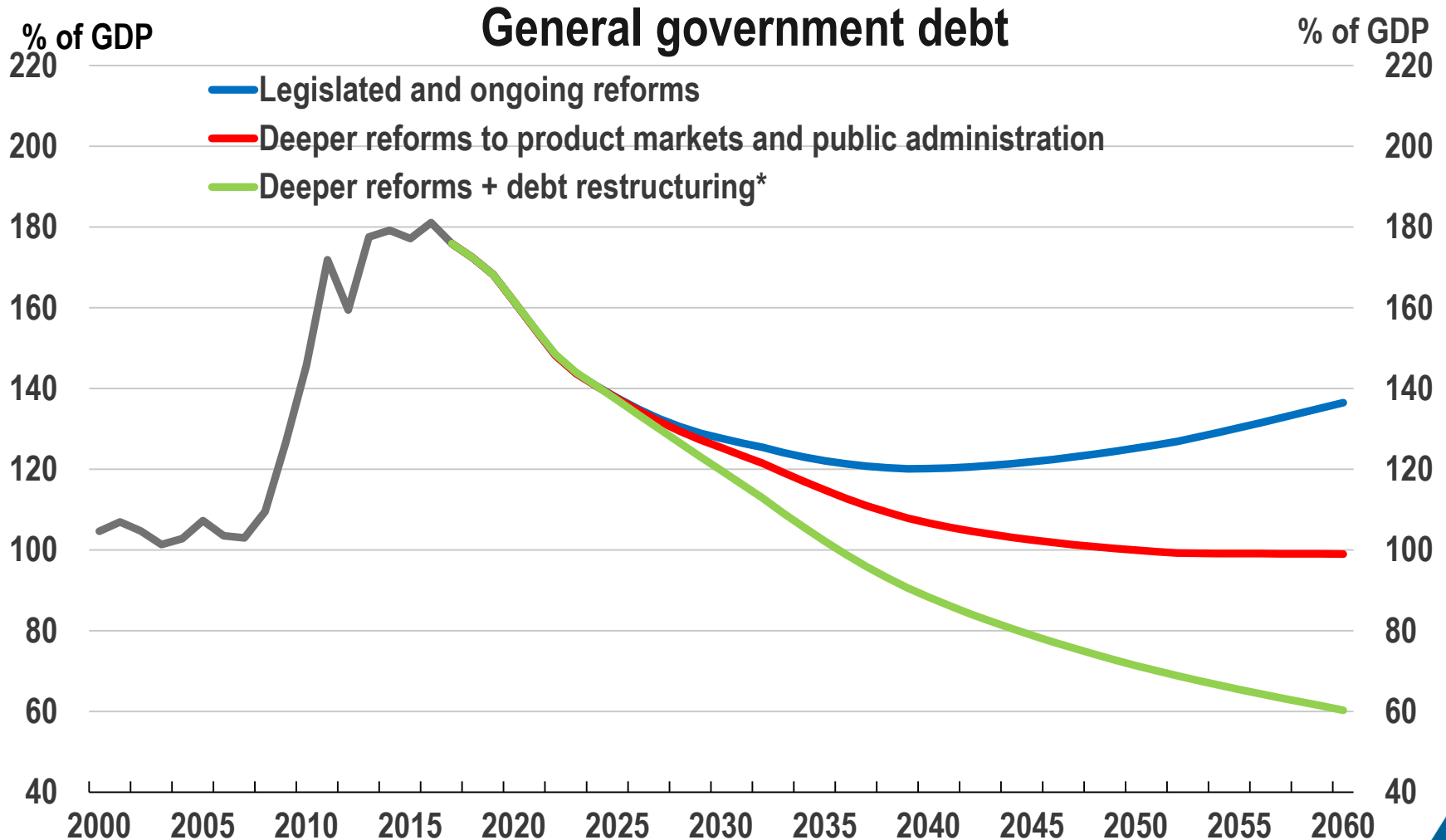
Deeper reforms would boost growth

Impact of structural reforms on level of GDP





Additional reforms and debt restructuring would reduce public debt



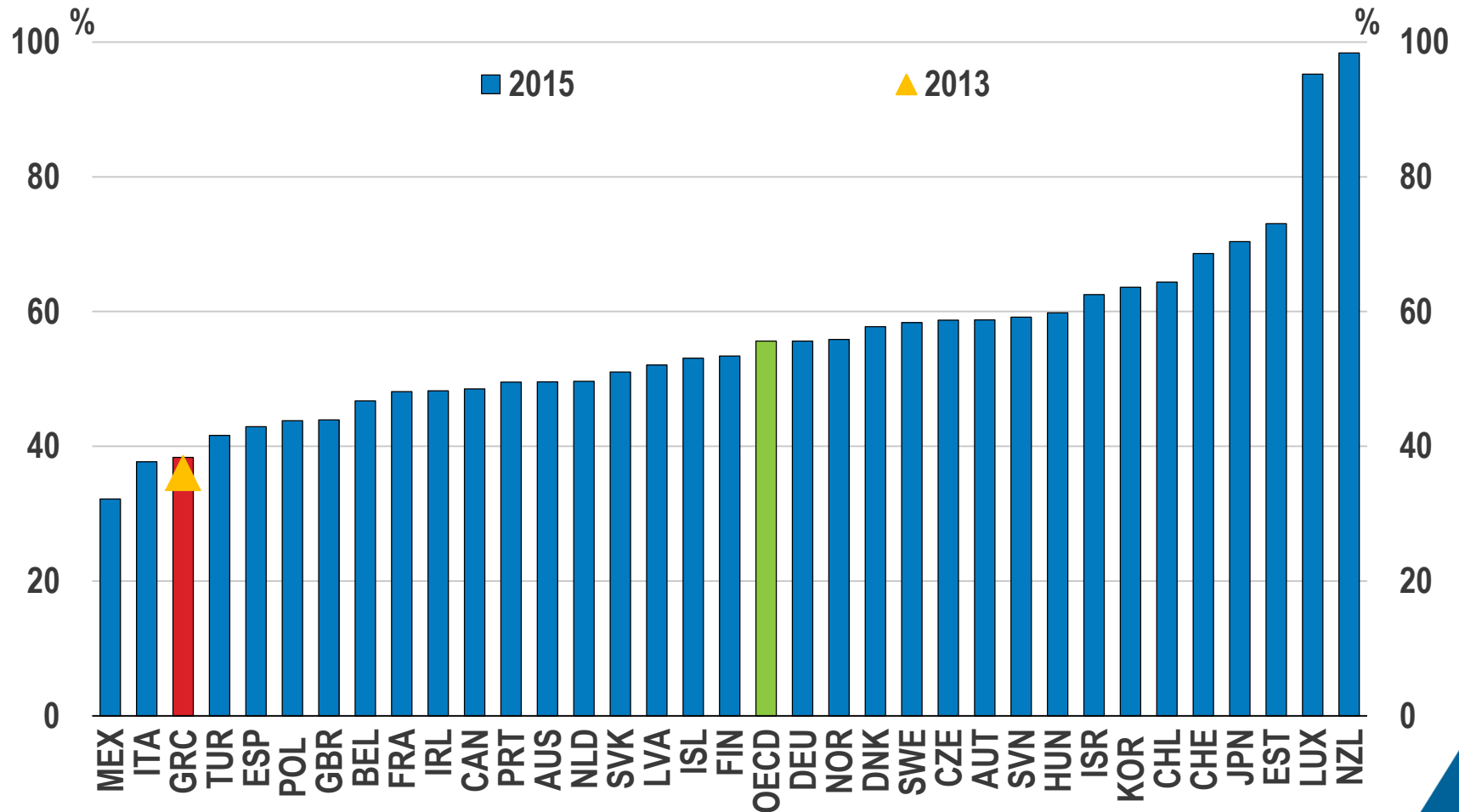
* Official creditor interest rates fixed at 2% from 2020 and ESFS repayments postponed until 2031.

Source: Calculations based on OECD (2018), *OECD Economic Outlook: Statistics and Projections* (database).



Tax collection is improving but remains low

VAT revenue ratio



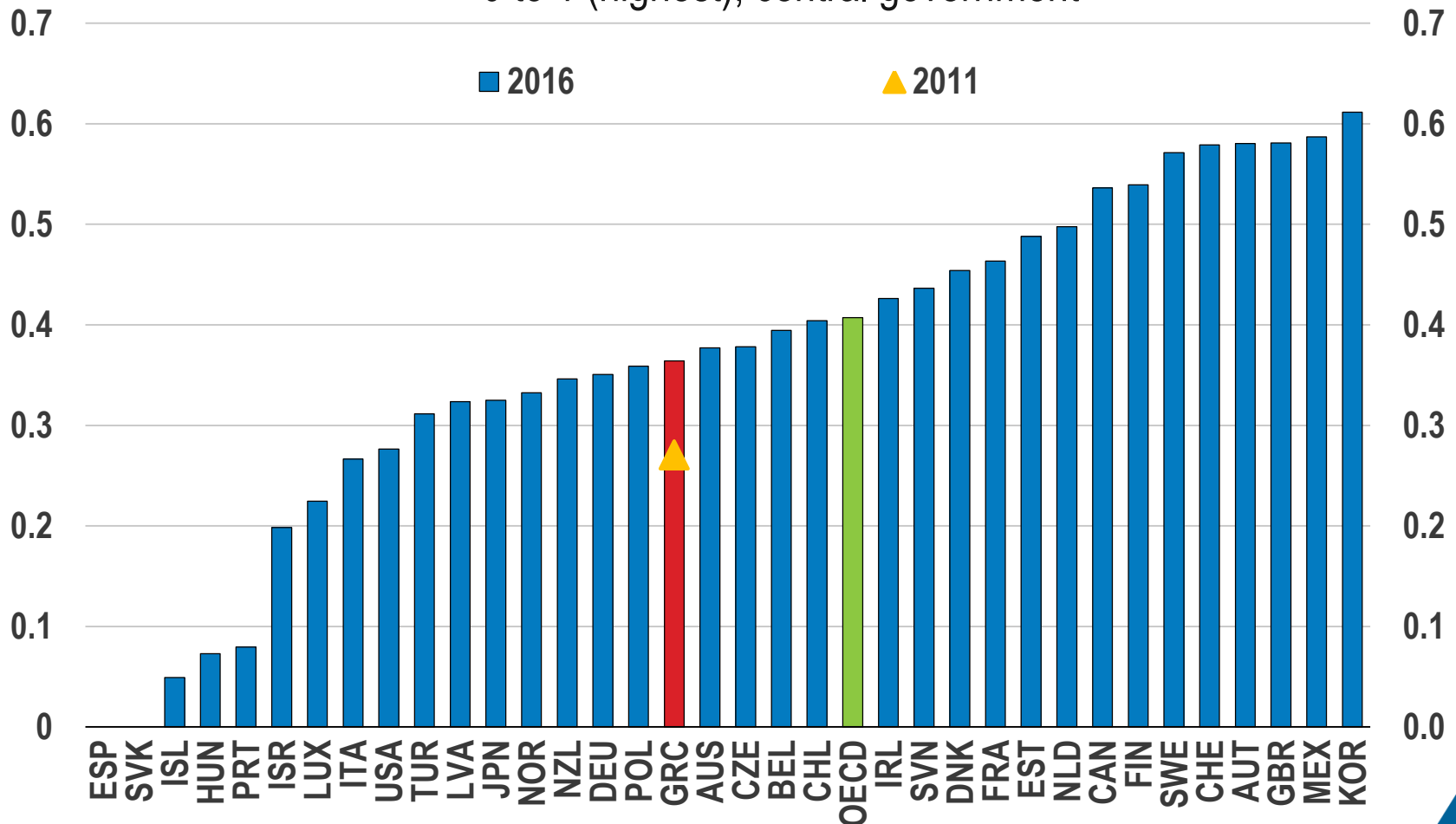
Source: OECD (2016), *Consumption Tax Trends 2016: VAT/GST and Excise Rates, Trends and Policy Issues*, OECD (2018), *OECD Revenue Statistics* (database) and *OECD National Accounts Statistics* (database).



Spending efficiency can improve

Use of performance budgeting

0 to 1 (highest), central government



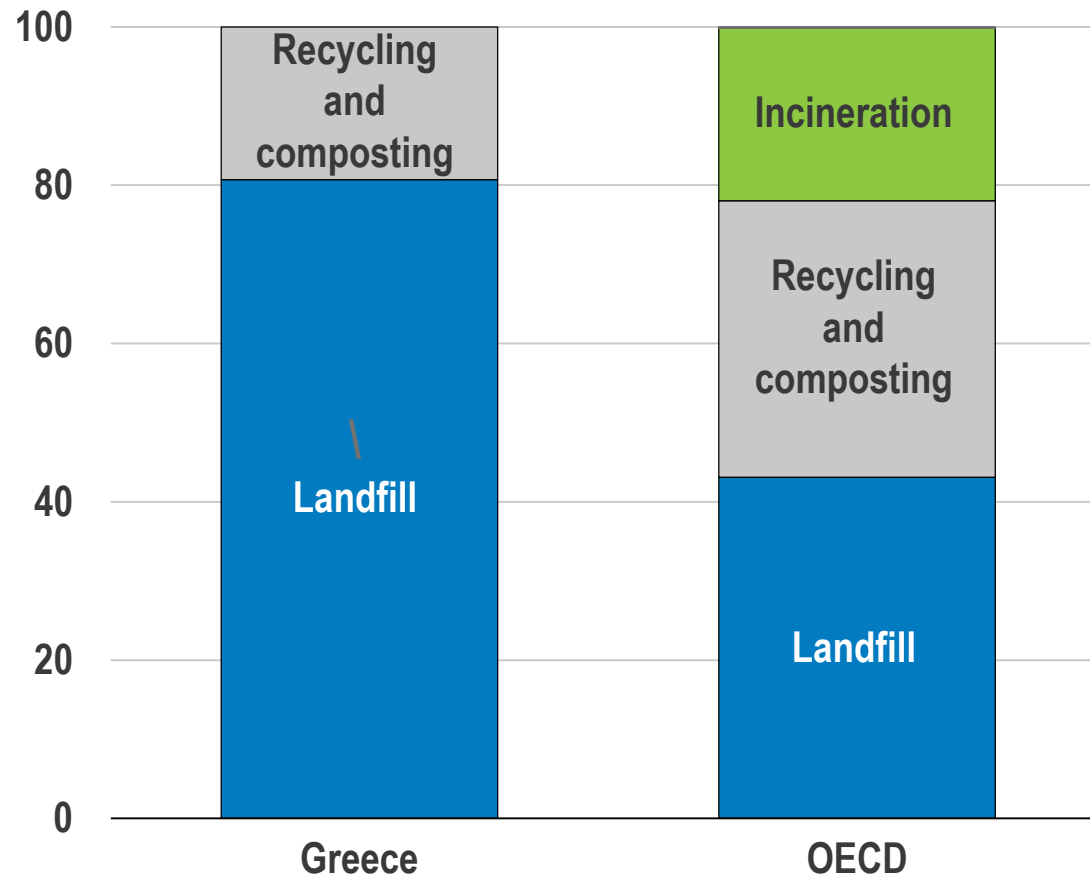
Source: OECD (2016), *Survey of Performance Budgeting* and OECD (2017), *Government at a Glance 2017*.



Disposing less waste in landfills would improve well-being

Municipal waste treatment

% of treated





Main recommendations

Boosting inclusive and sustainable growth

- Maintain the reform momentum focusing on implementation, enhancing public administration efficiency and continuing to fight corruption
- Maintain the primary surplus agreed with official creditors and facilitate debt restructuring as needed.
- Reduce tax evasion by extending the use of risk analysis, targeted tax audits and strengthening incentives for voluntary tax compliance.
- Extend the obligation of having an electronic cash register to all self-employed and introduce e-invoicing.
- Undertake regular spending reviews and extensive use of performance budgeting.
- Enforce EU standards for waste disposal and urban waste-water treatment.

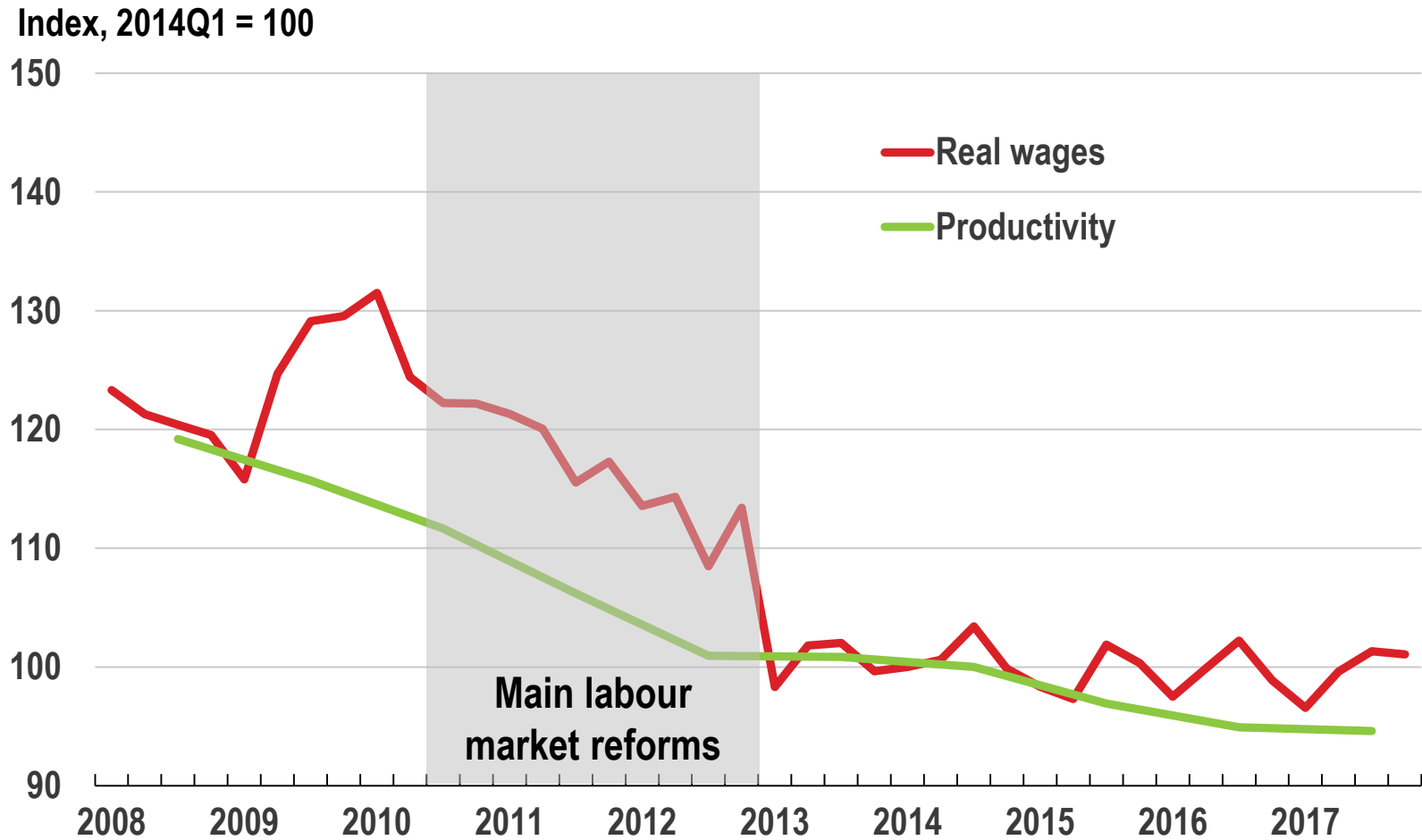
More in the **Assessment & Recommendations**



Expanding employment, reducing poverty and improving skills



Wages are moving in line with productivity

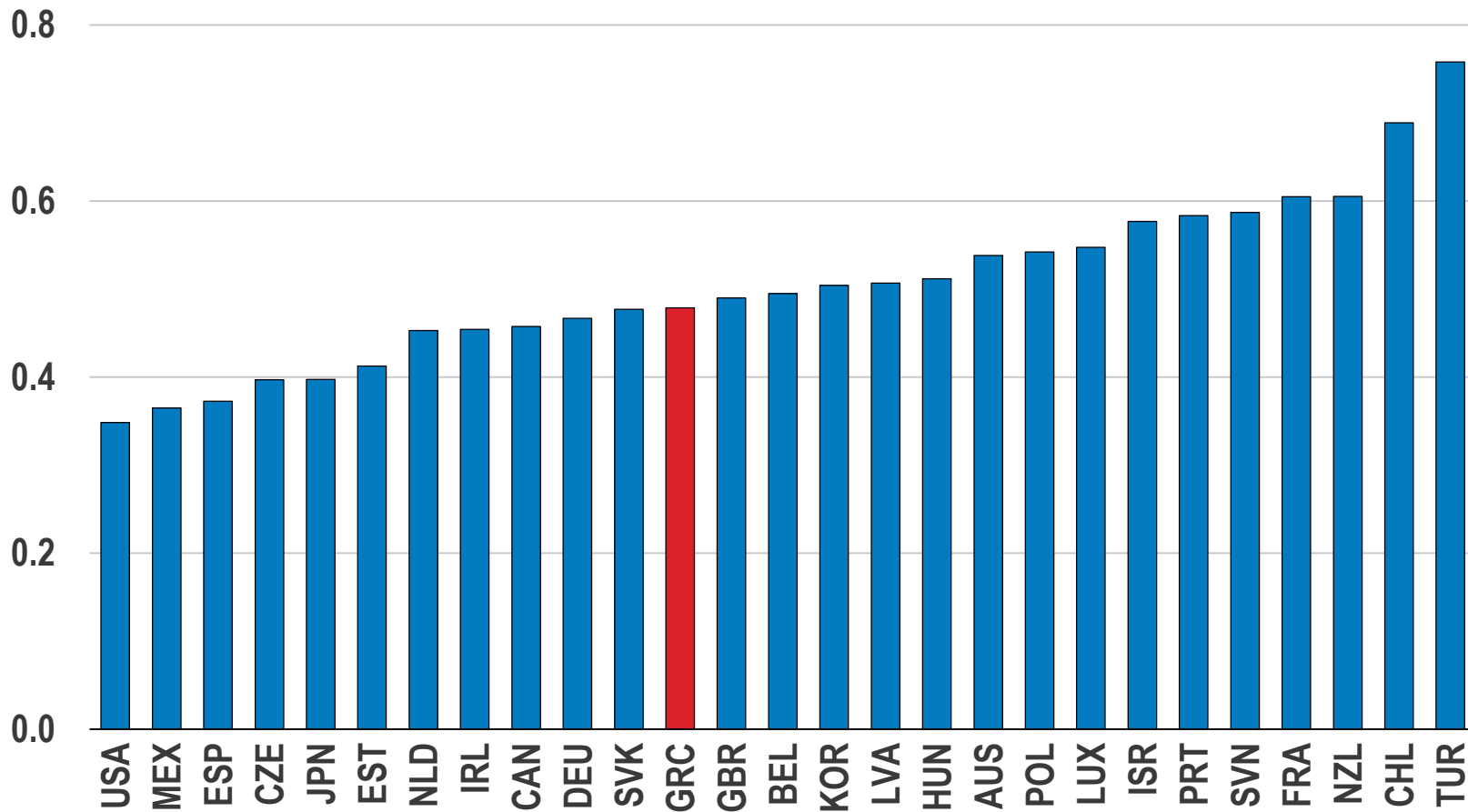


Source: OECD (2018), *OECD National Accounts Statistics* (database) and Eurostat (2017), *Labour Market Statistics* (database).



The minimum wage is near the OECD average

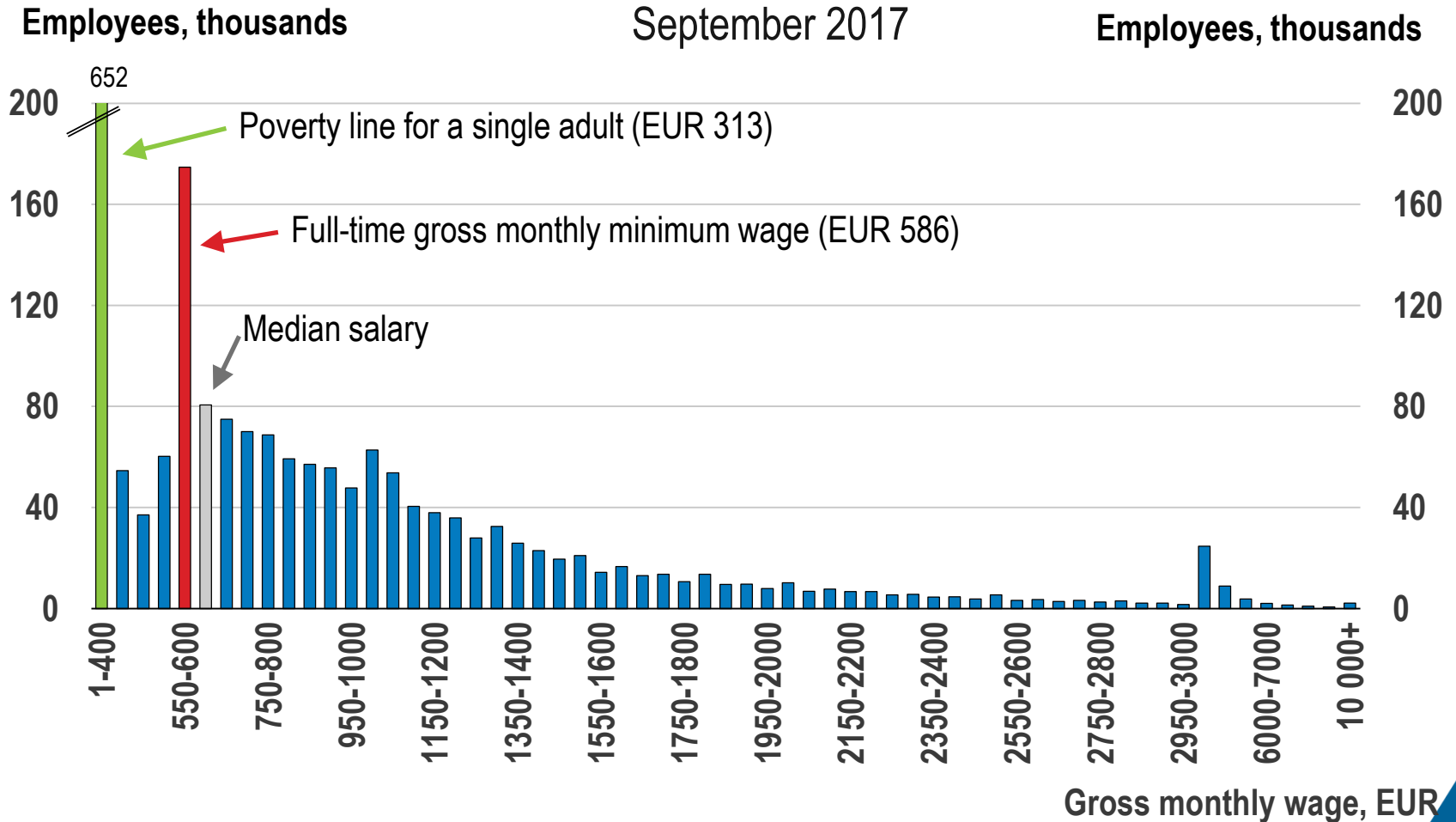
Ratio of full-time minimum wage to median wages
2016 or latest





Many employees earn below the minimum wage

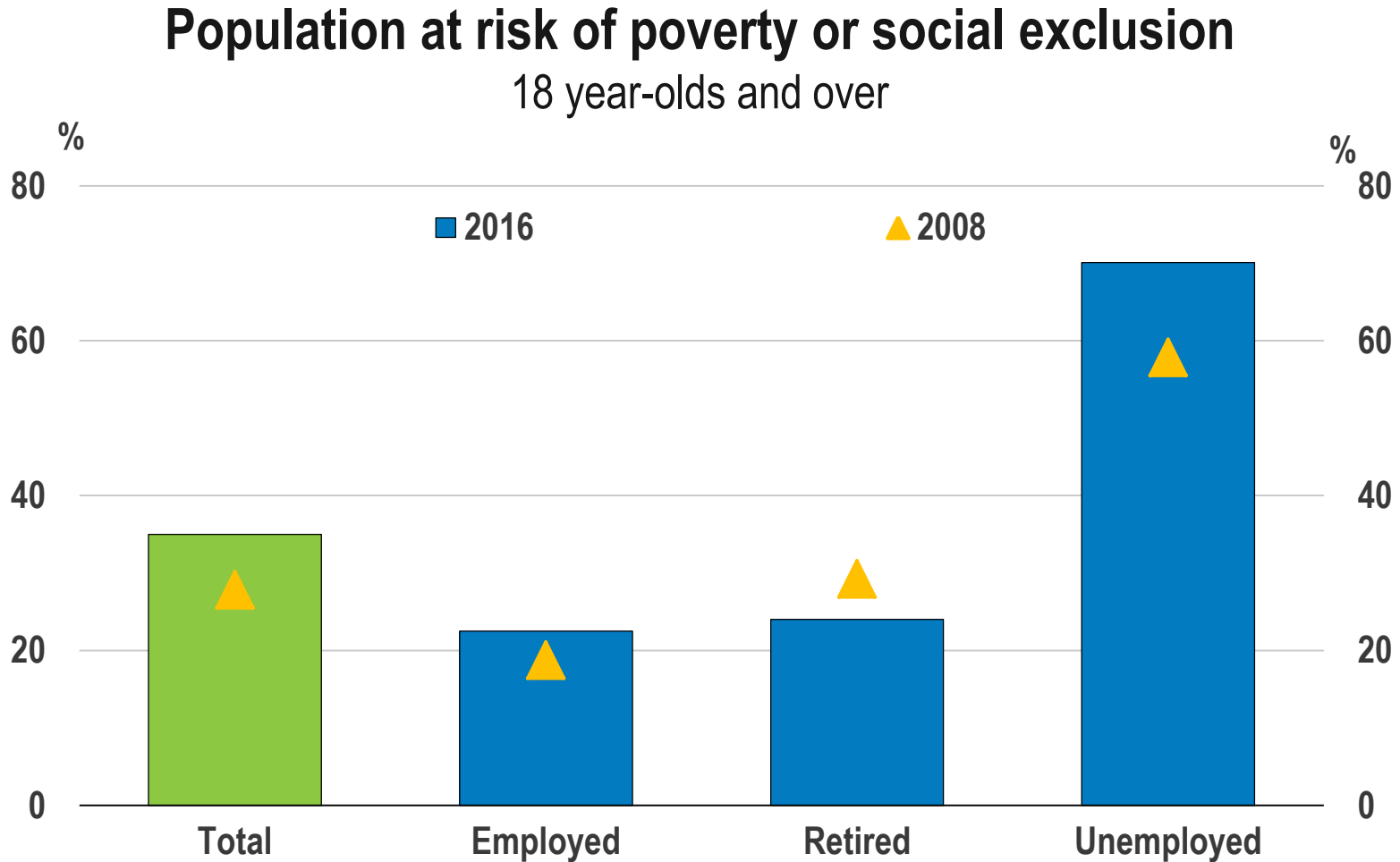
Number of employees earning different wages



Source: OECD calculations based on the *ERGANI* database from the Greek Ministry of Labour, Social Insurance and Social Solidarity, and Eurostat (2017), *EU Statistics on Income and Living Conditions* (database).



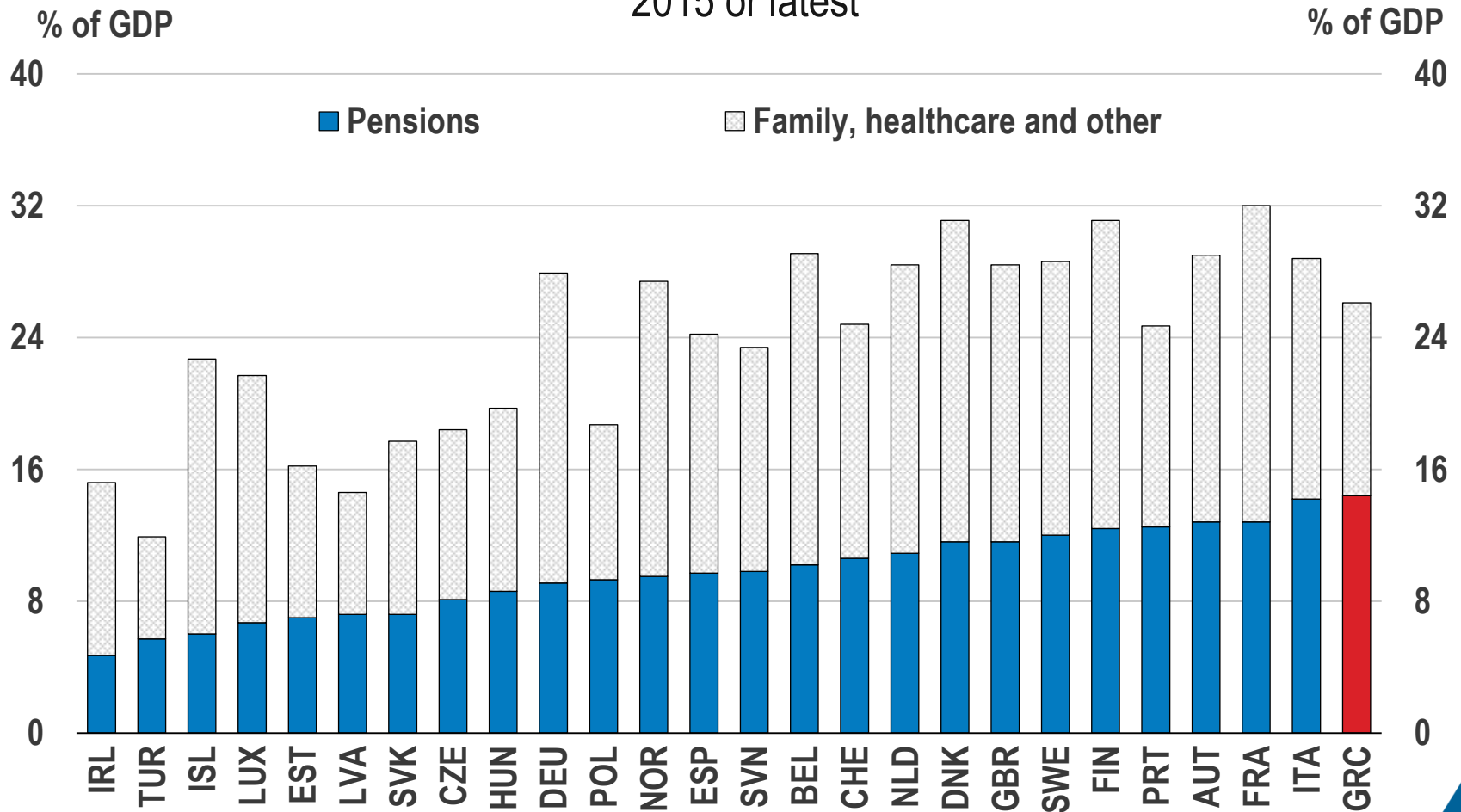
Poverty is highest among the unemployed



Pensions dominates social protection spending

Social protection spending by function

2015 or latest

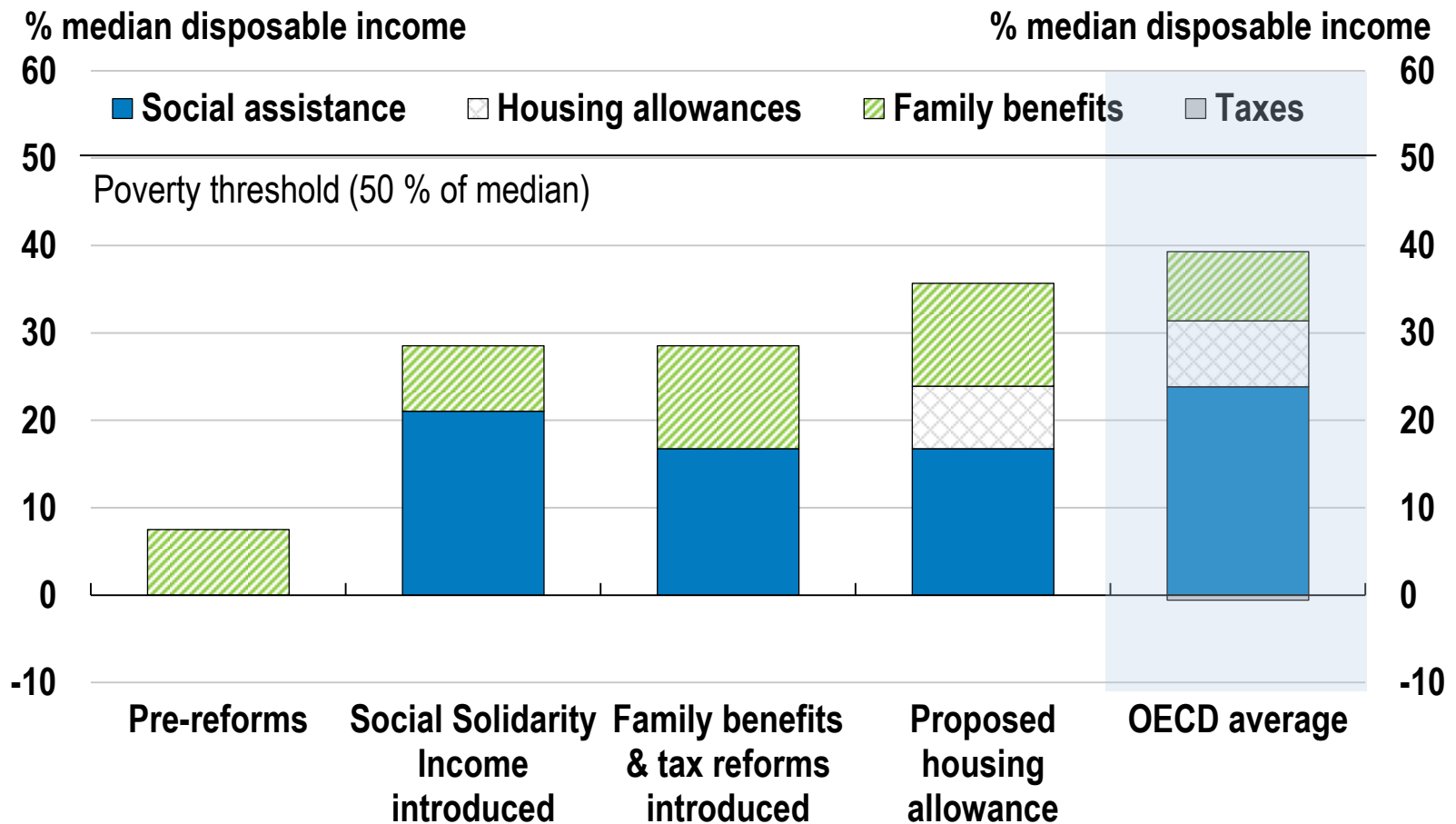


Source: Eurostat (2018), Social Protection Statistics (database).



Recent reforms raise poor households' income

Income of an unemployed couple with children



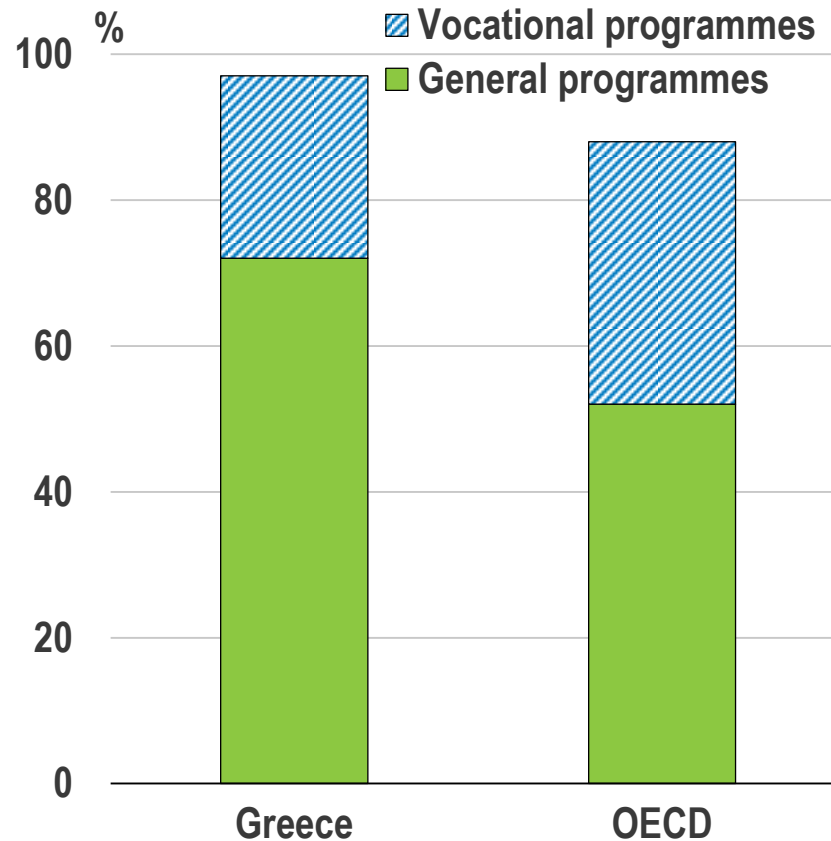
Source: OECD calculations based on the *OECD tax-benefit model*.



Graduation rates are high

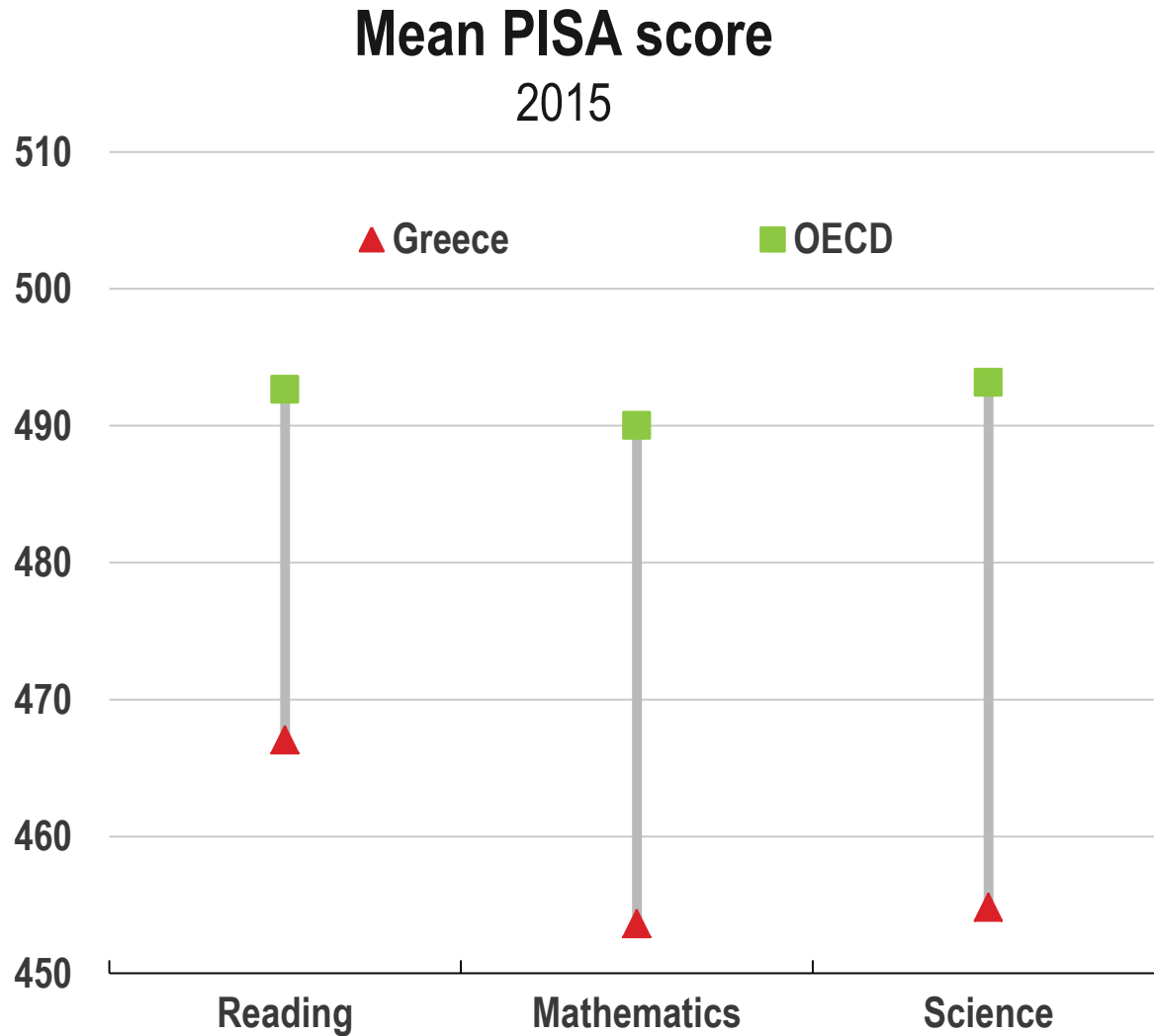
Upper secondary graduation rates

Under 25 years old, 2015





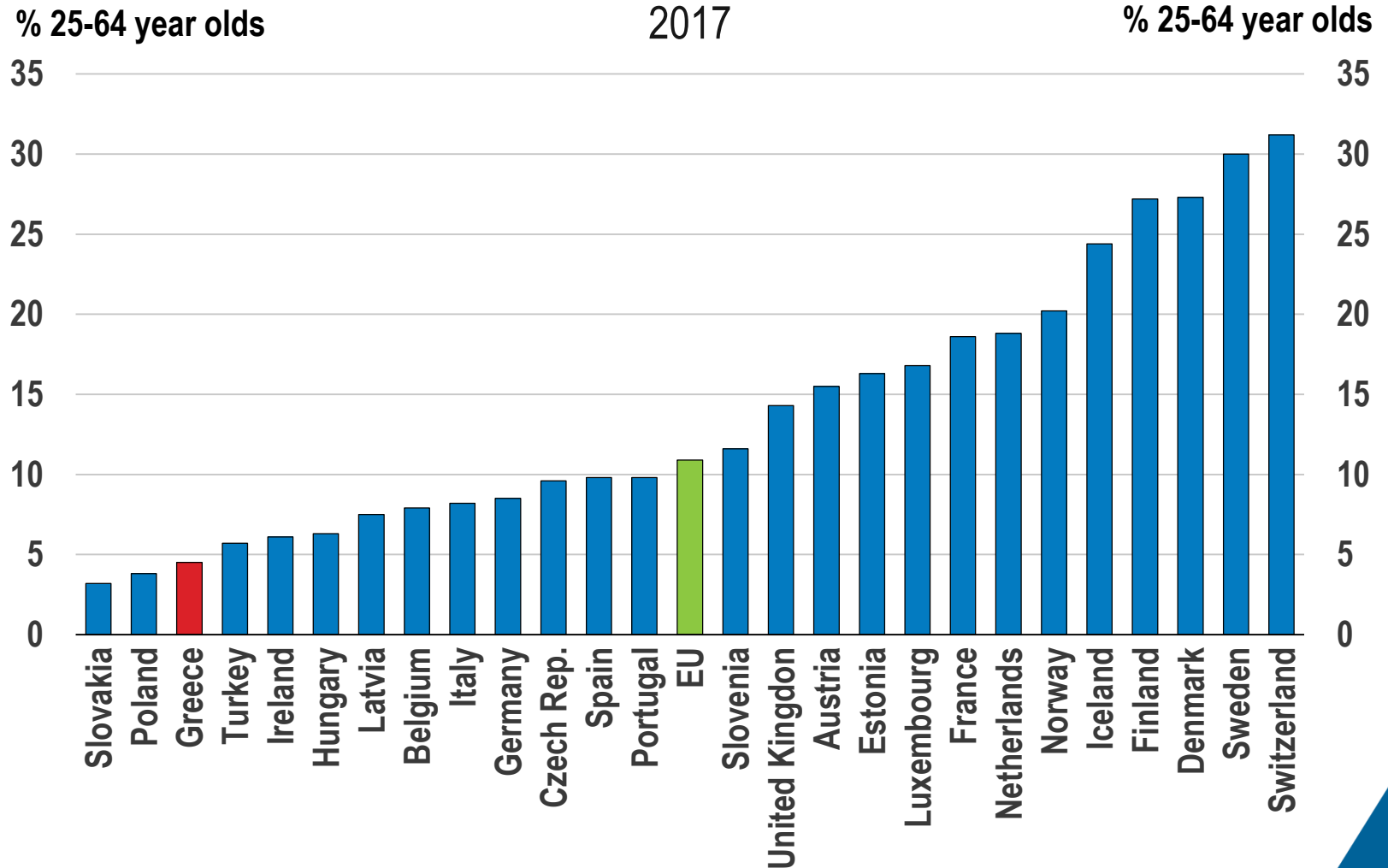
School students' performance lags





Few adults re-skill through life-long learning

Participation in education and training

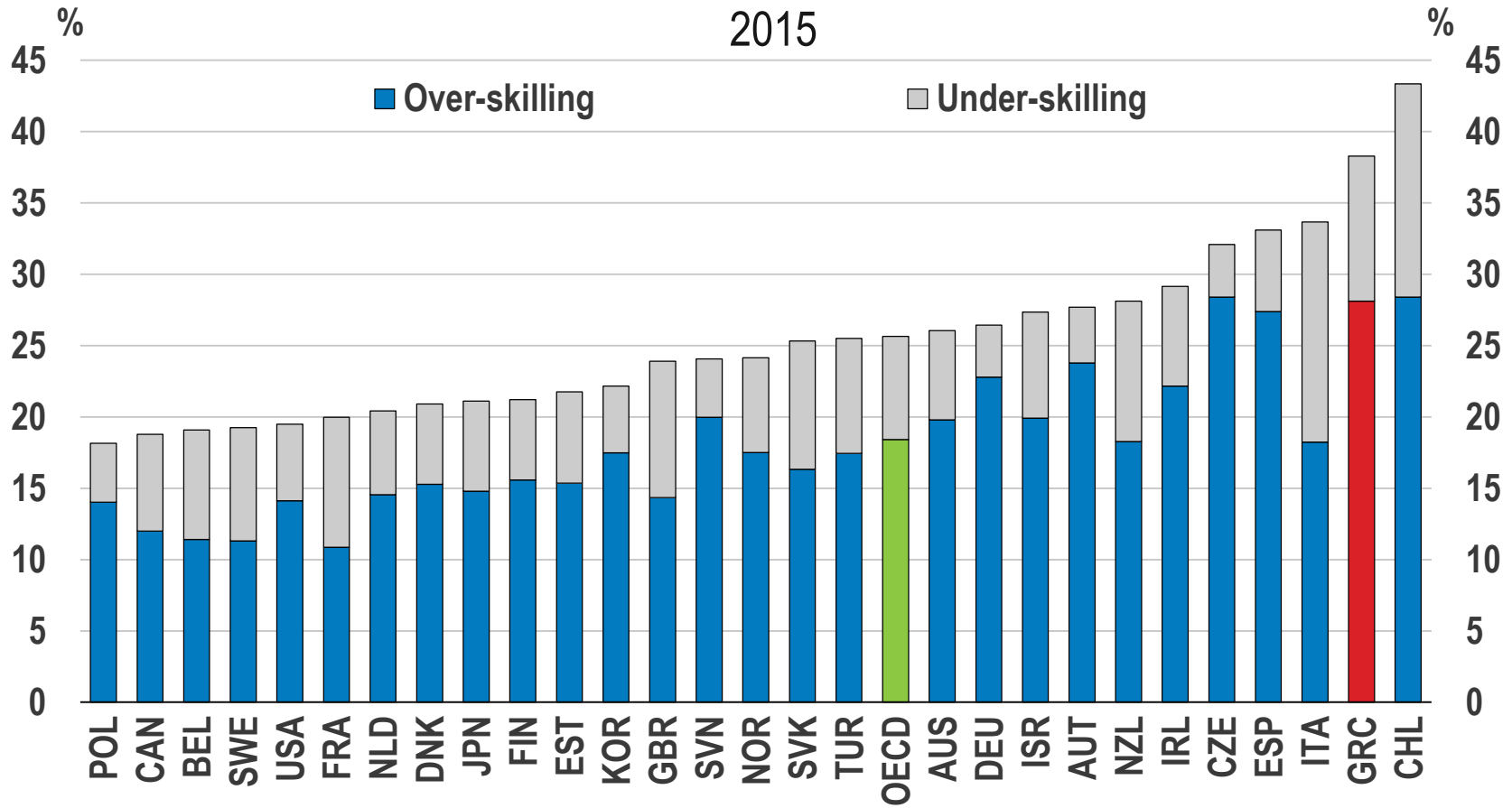


Source: Eurostat (2017), Education and training (database).



Skill mismatch is high

Share of workers whose skills do not match their job



Source: Adalet McGowan, and Andrews (2017), "Skills Mismatch, Productivity and Policies in New Zealand: Evidence from the second wave of PIAAC", *OECD Economics Department Working Papers*. OECD calculations based on *Survey of Adult Skills (PIAAC)*.



Main recommendations

Expanding employment, reducing poverty and improving skills

- Introduce collective-wage bargaining covering broad working conditions and without automatic extensions
- Ensure collective agreements are sufficiently flexible so that they can be adapted to specific firm level conditions
- Establish a commission of social partners and independent experts to recommend minimum wage adjustments
- Introduce assessment frameworks and professional development schemes; gradually give schools and teachers greater pedagogical and managerial autonomy
- Scale up post-secondary vocational education and adult education, linking them with labour market needs, and certify the quality of courses
- Evaluate reskilling programmes, expand successful and cost-effective approaches and cancel those that are not.
- Continue spending reviews to reallocate resources to targeted social programmes.
- Further rationalise remaining non-targeted programmes.
- Consider introducing in-work benefits.

More in **Chapter 2: Generating employment, raising incomes and addressing poverty**

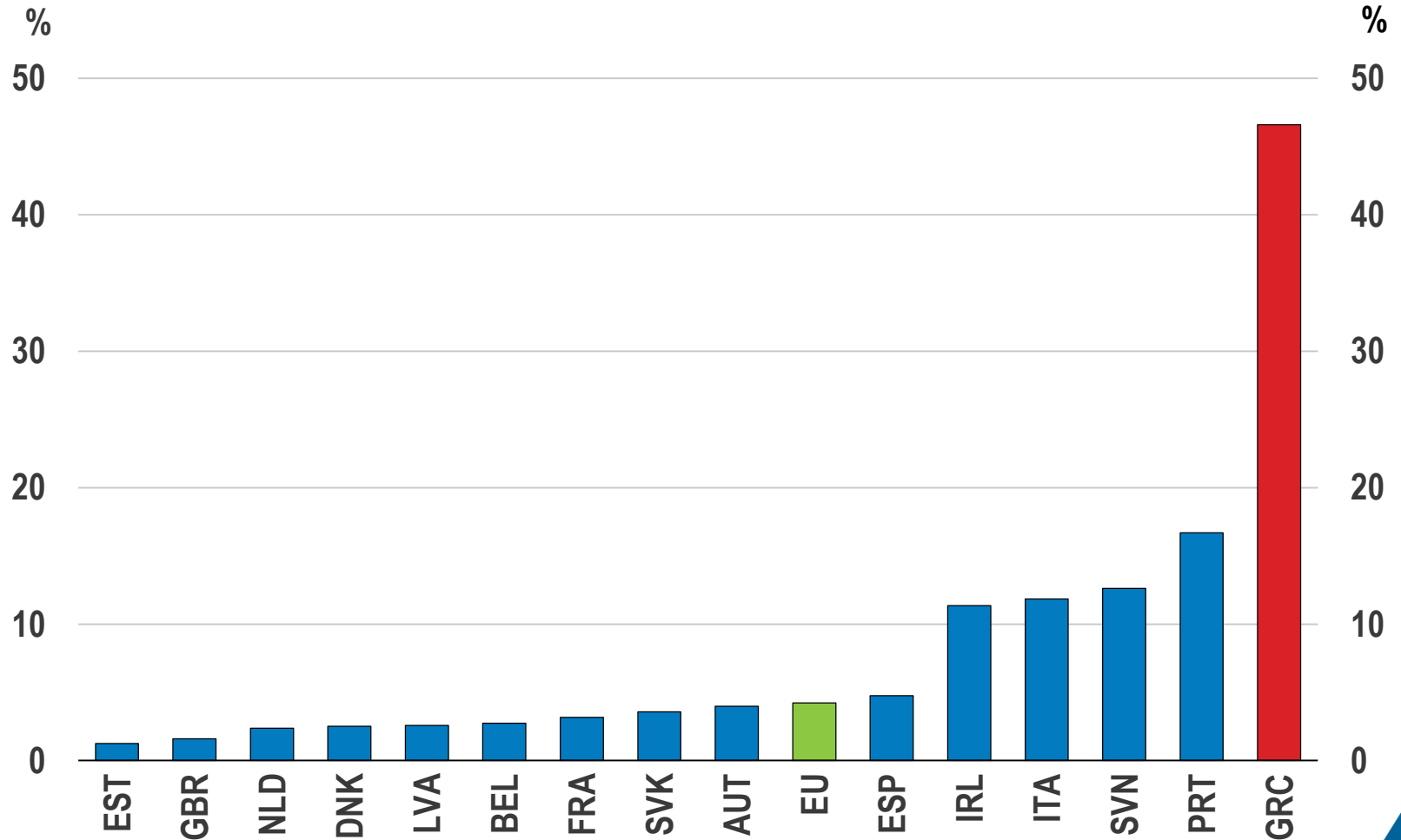


Boosting investment and tackling non-performing loans



Banks' non-performing loans are high

Non-performing loans relative to total gross loans and advances

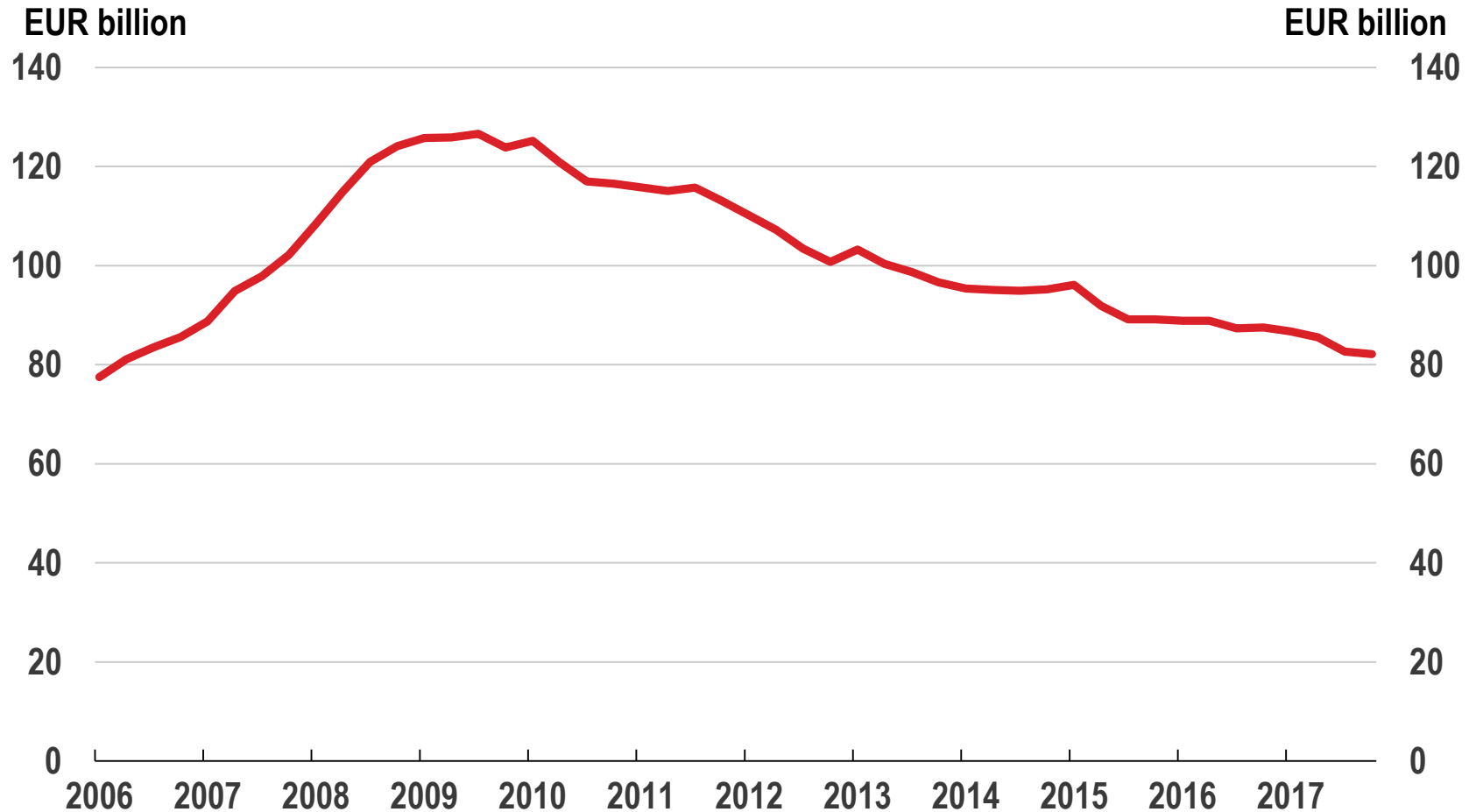


Source: European Banking Authority (2018), "Risk Dashboard, Data as of Q3 2017".



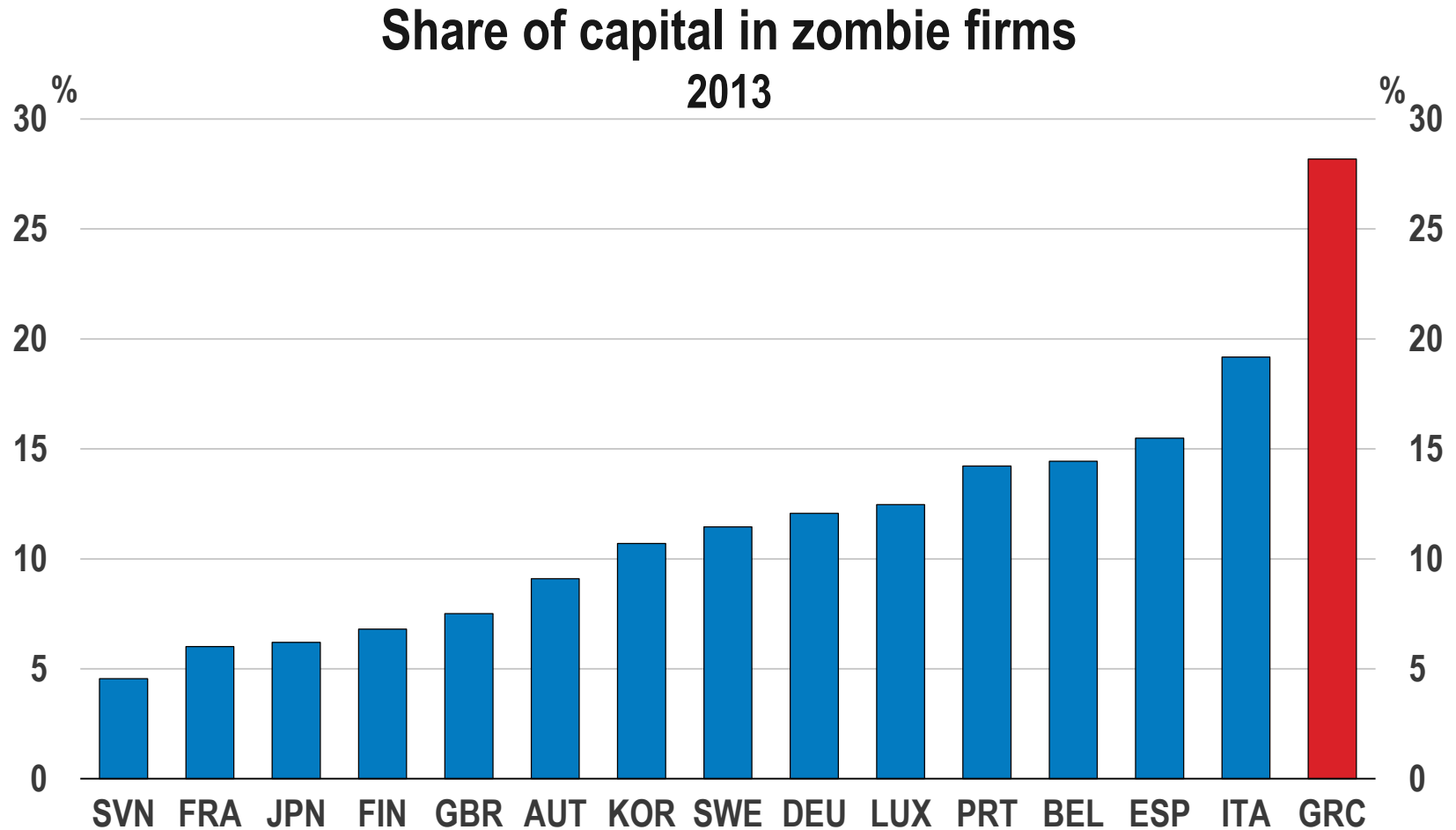
Lending to businesses remains weak

Bank credit to non-financial corporations





Capital is trapped in zombie firms

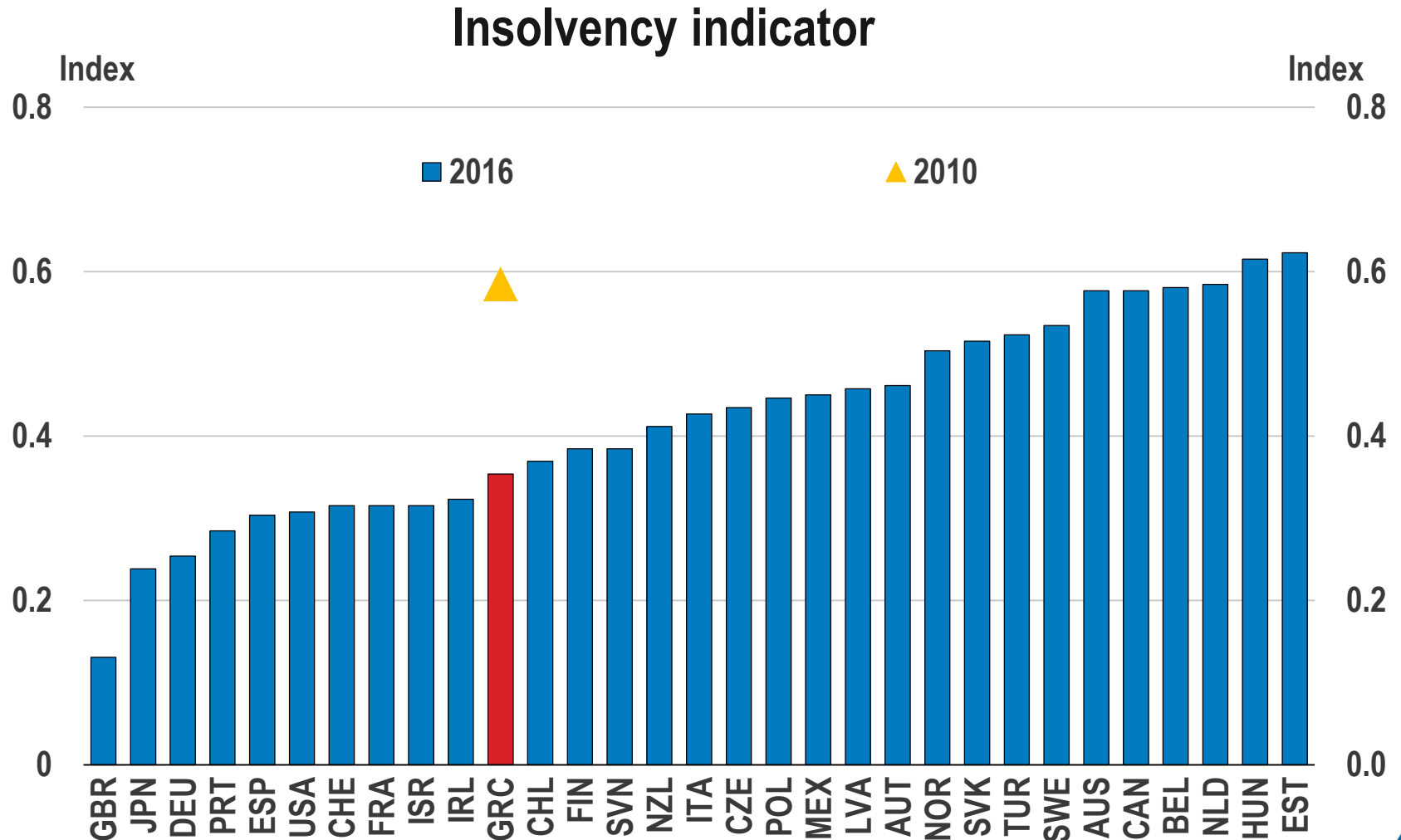


Note: “Zombie” firms are 10 years or older with three consecutive years of interest expenses exceeding earnings before interest and taxes.

Source: Adalet McGowan, Andrews and Millot (2017), "Insolvency regimes, zombie firms and capital reallocation", *OECD Economics Department Working Papers*.



Insolvency processes are improving



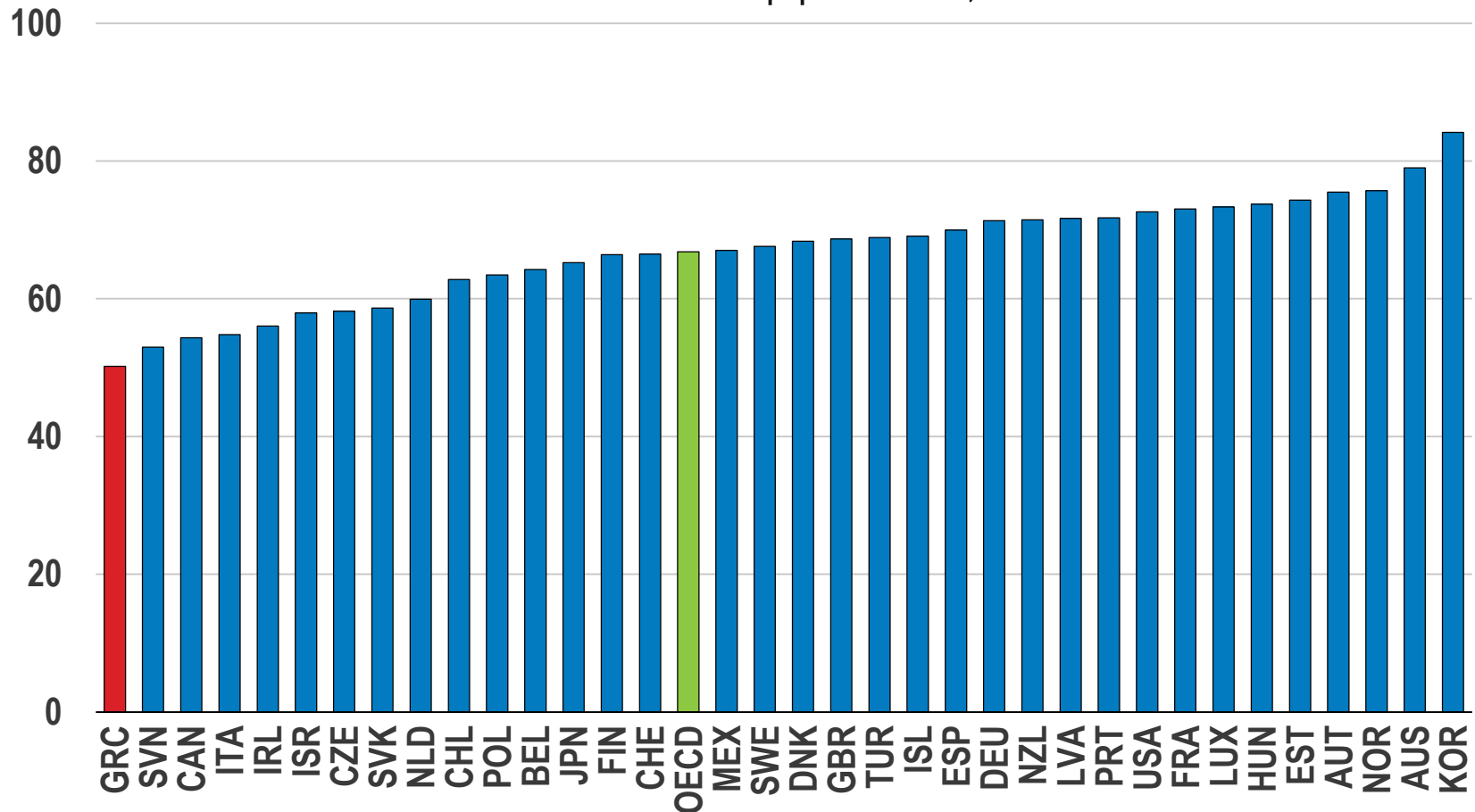
Source: Adalet McGowan, Andrews and Millot (2017), "Insolvency regimes, zombie firms and capital reallocation", OECD Economics Department Working Papers.



Contract enforcement is weak

Enforcing contracts

Relative to the top performer, 2018

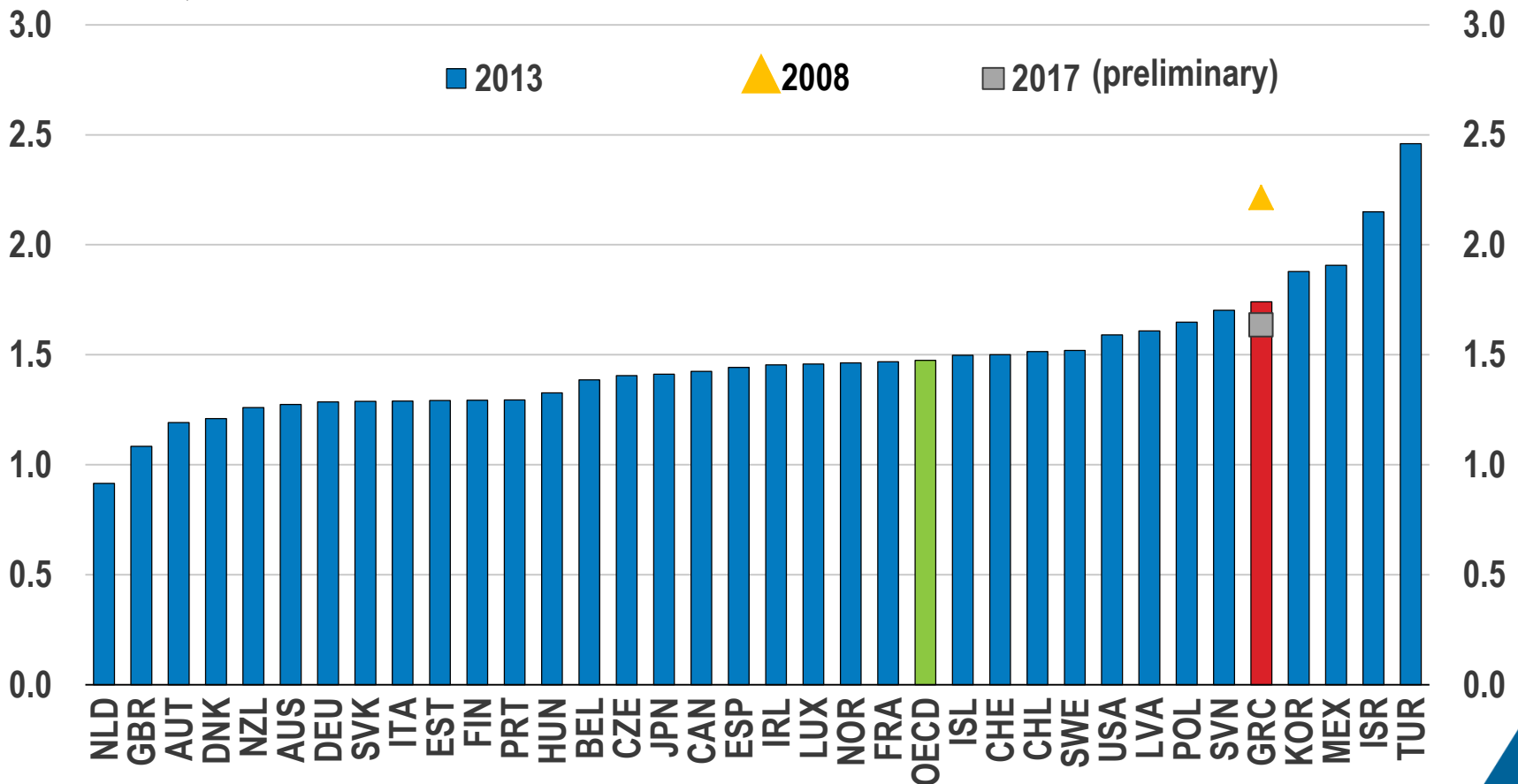




The business environment can improve further

Product market regulation index

Index 0 to 6, from least to most restrictive

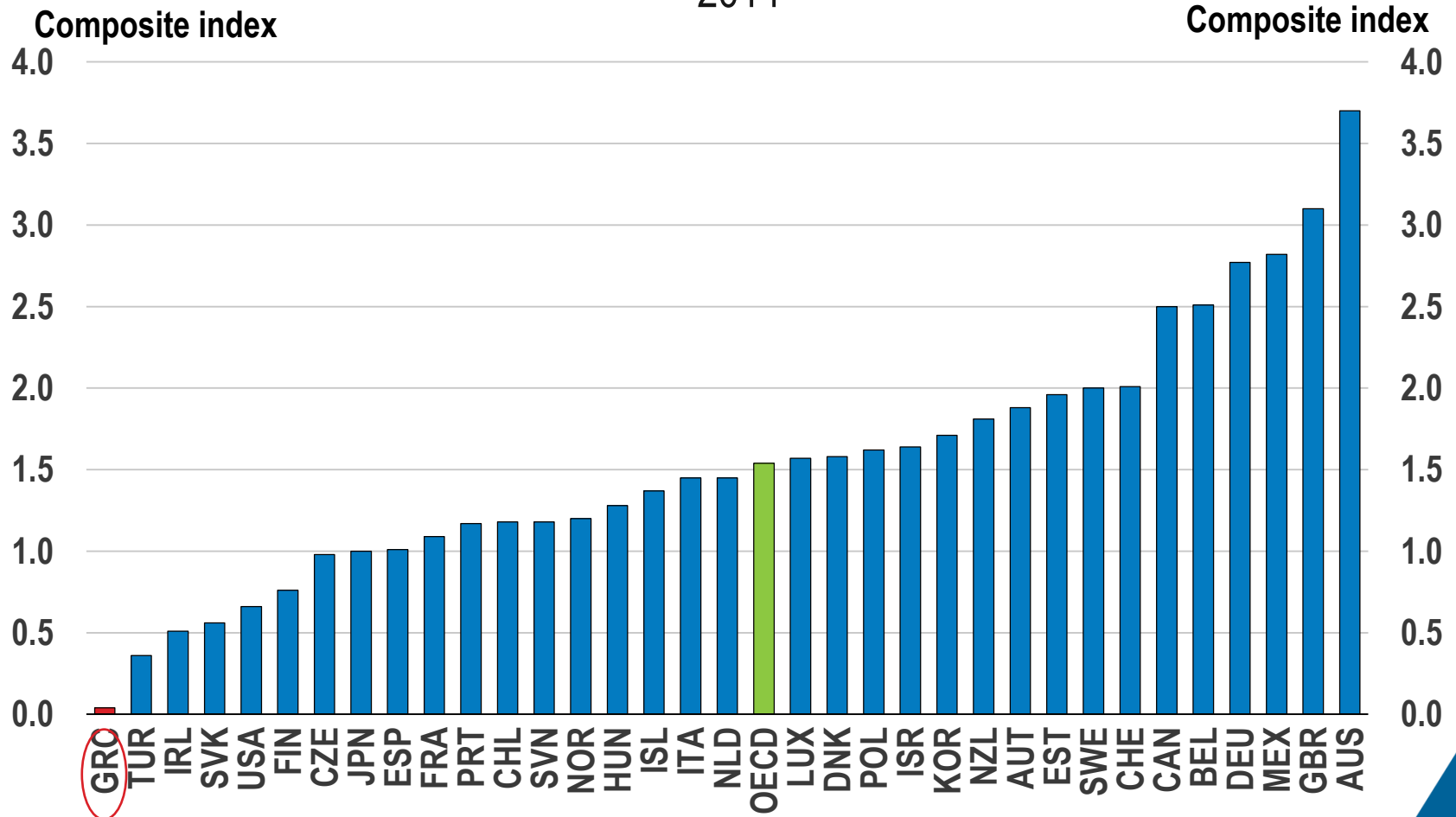




Regulatory impact assessments are underused

Ex-post evaluation of primary laws

2014



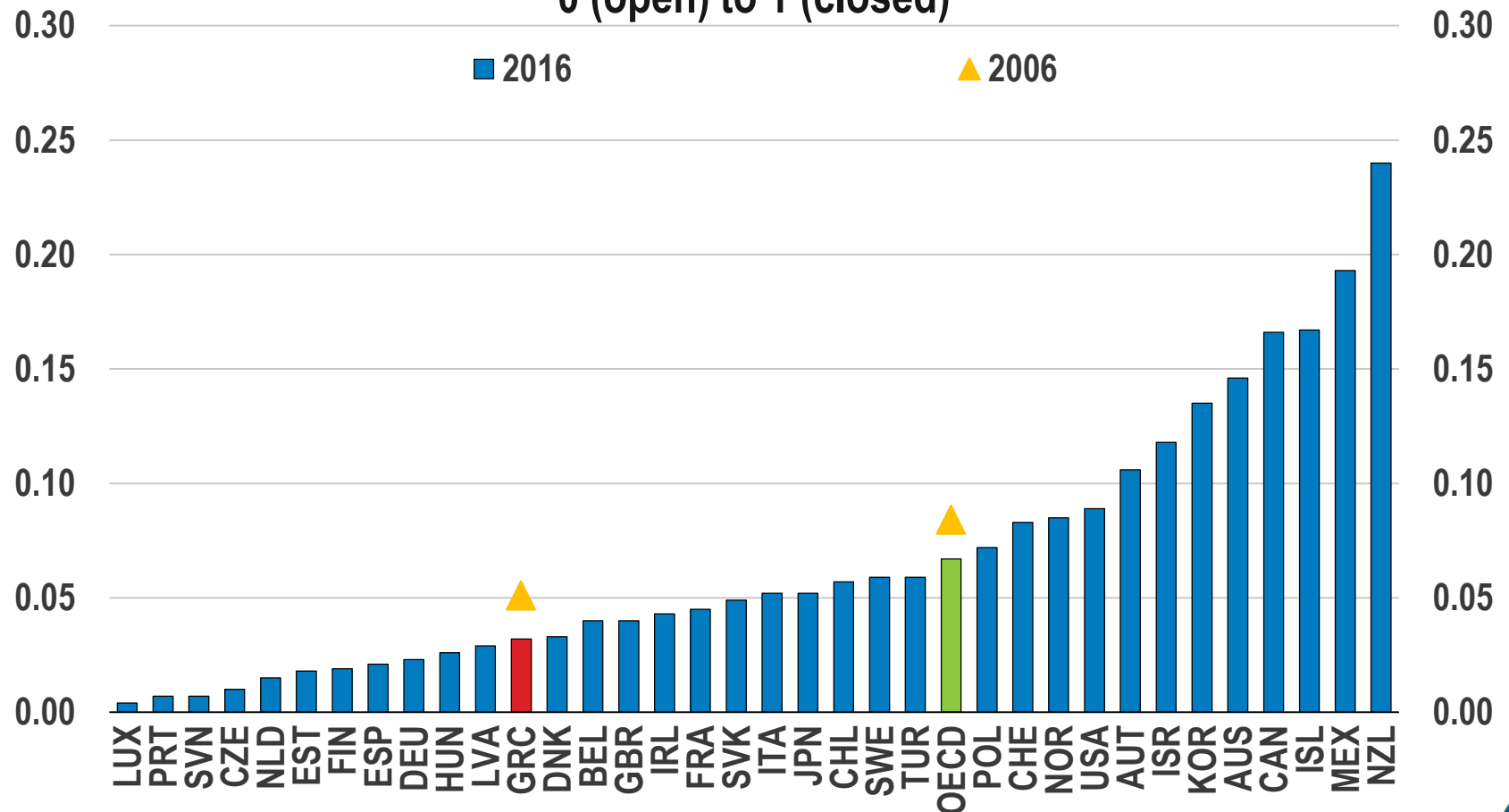
Source: OECD (2015), OECD Regulatory Policy Outlook 2015.



Barriers to FDI are low

FDI regulatory restrictiveness index

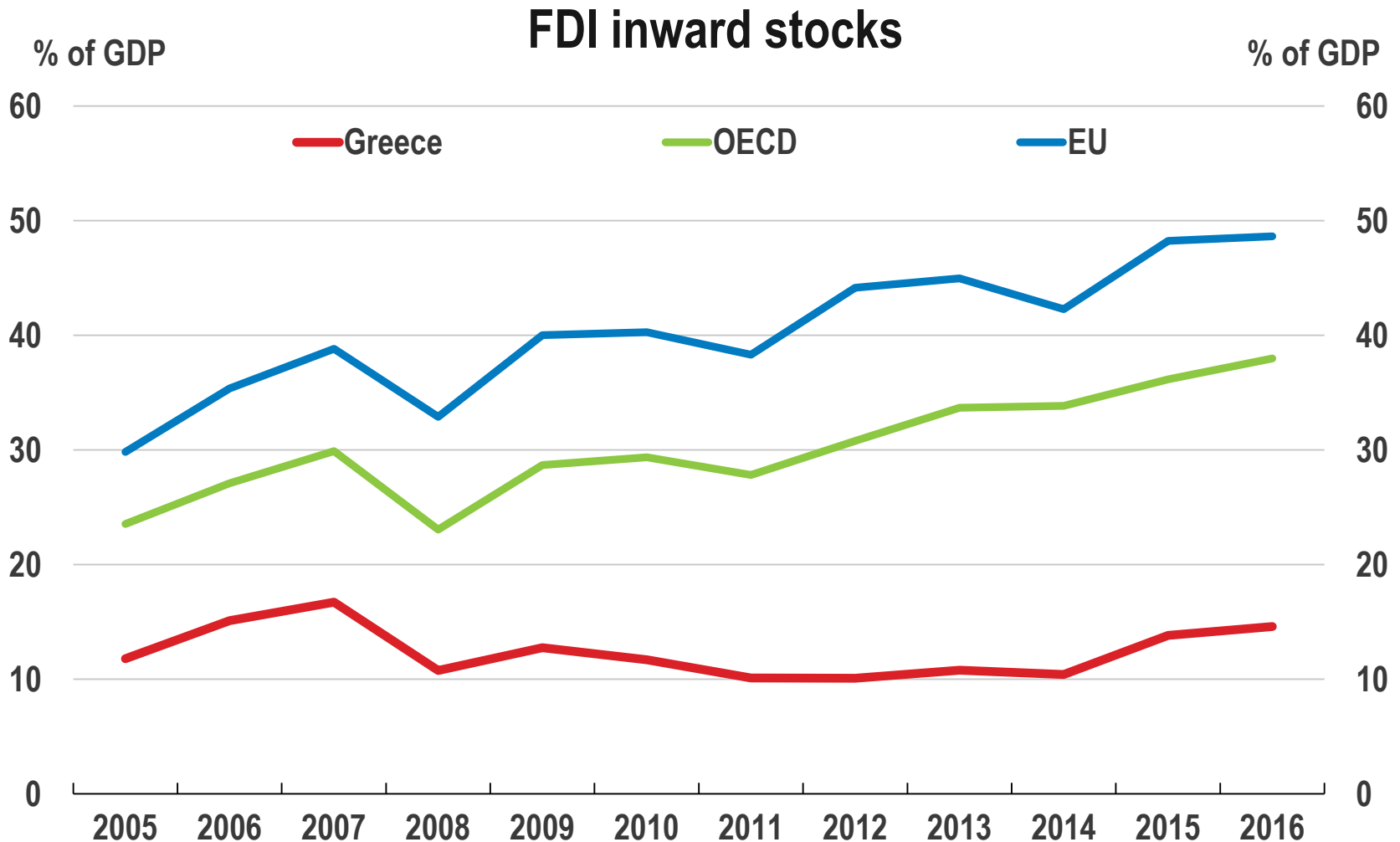
0 (open) to 1 (closed)



Source: OECD (2017), "FDI statistics according to Benchmark Definition 4th Edition (BMD4): Foreign direct investment: main aggregates", *OECD Globalisation Statistics* (database).



Inwards FDI stocks are low but improving

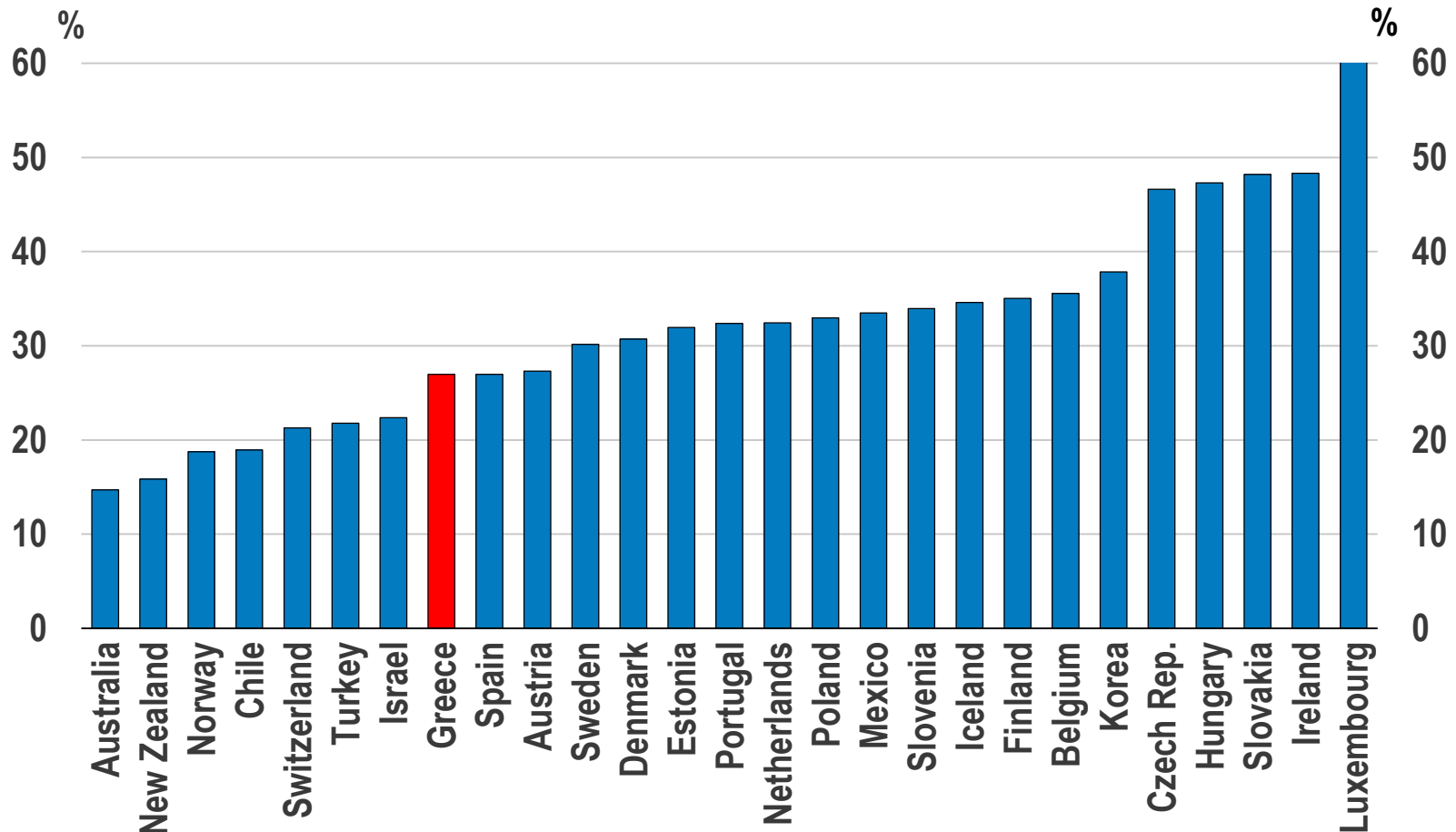


Source: OECD (2017), "FDI statistics according to Benchmark Definition 4th Edition (BMD4): Foreign direct investment: main aggregates", *OECD Globalisation Statistics* (database).



Participation in global value chains can be strengthened

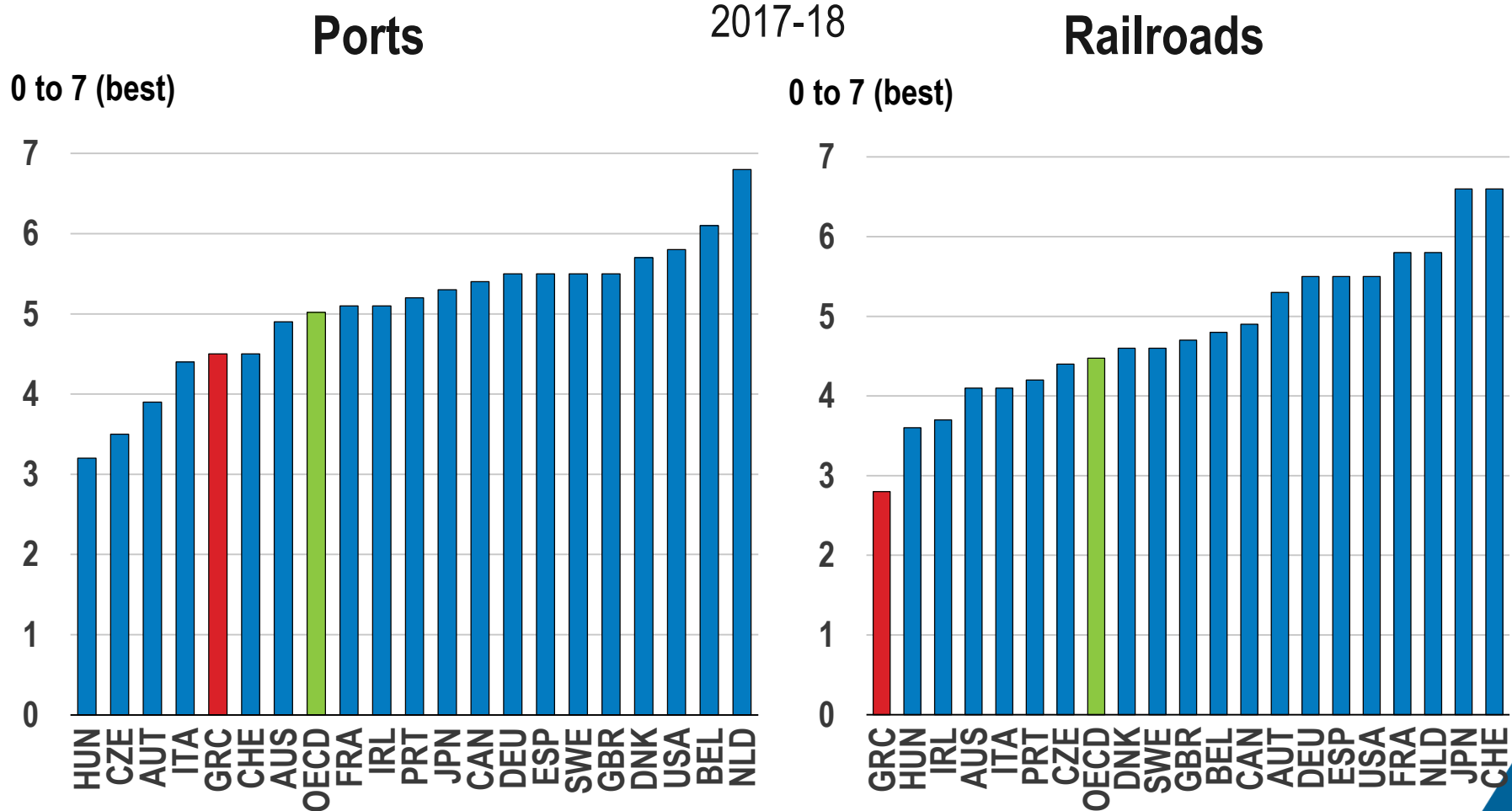
Foreign value added in exports





Transport infrastructure hampers Greece's participation in global trade

Global Competitiveness Index





Main recommendations

Boosting investment

- Simplify regulatory impact assessments and build a network of civil servants with regulatory-quality expertise.
- Expand the scope of the “silence is consent” rule, *ex-post* compliance monitoring and one-stop shops; ensure that they have the resources to operate effectively
- Fully implement the legislated insolvency reforms
- Ensure a sufficient number of well-trained insolvency professionals start operating soon
- Fully implement out-of-court workout procedures and e-auctions.
- Continue to align banks’ governance standards with international best practices
- Align tax incentives for disposing of non-performing loans with those of previous legislation and make them temporary
- Finalise and implement the state asset management strategy and link it with the privatisation programme.
- Complete the land registry

More in **Chapter 1: Boosting investment**



For more information:

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