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GDP per capita is relatively high although the gap vis-à-vis leading countries has widened in recent years, reflecting mainly weak growth in labour resource utilisation.

Priorities supported by indicators

Reduce implicit tax on continued work at older age

Low abatements on early-retirement pensions, especially for public-sector workers, high unemployment benefits and subsidised part-time employment for older workers encourage early retirement.

Actions taken: The accounting period for the pension base and abatements for early-retirement pensions have been raised. Early retirement on account of unemployment has been abolished. The duration of employment required to reach the full pension replacement rate has risen. The statutory retirement age for civil servants has been raised.

Recommendations: Make the adjustment for early receipt of pensions actuarially fair. Proceed with harmonising pension schemes in the public sector with those in the private sector. Eliminate higher unemployment benefit entitlements for older jobless workers, and phase out subsidies for old-age part-time employment.

Improve graduation rates from tertiary education

Graduation rates from tertiary education are among the lowest in the OECD. Long study duration and insufficient orientation of tertiary institutions to skills demanded by employers discourage higher education.

Actions taken: Introduction of government funding of higher-education institutions based on student enrolment. Student fees earmarked to the universities in which students enrol, as well as increased independence of universities, have strengthened incentives to offer attractive study programmes. Performance-related elements in university funding and in contracts for staff have widened.

Recommendations: Strengthen performance-based funding. Consider introducing a loan scheme for study fees with income-contingent repayments.

Reduce administrative burdens on start-ups

Firm creation rates are relatively low. High administrative costs of registering a company have weighed on start-ups, as have entry barriers in specific sectors, such as the liberal professions.

Actions taken: Entry restrictions in some sectors have been lowered, notably in wholesale and retail trade.

Recommendations: Reduce the costs of setting up companies, especially limited liability companies. Further narrow the range of trades requiring certificates of qualification. Ease regulation of entry into the liberal professions, abolishing compulsory chamber membership and nationality requirements.

Other key priorities

- Reduce inactivity traps in the benefit system by restructuring child benefits in favour of vouchers for child care, and better integrating job-placement activities with social assistance.
- Strengthen competition law and enforcement by assigning more powers and resources to the competition authority, streamlining the institutional setup, simplifying rules on vertical agreements and introducing a credible leniency programme.

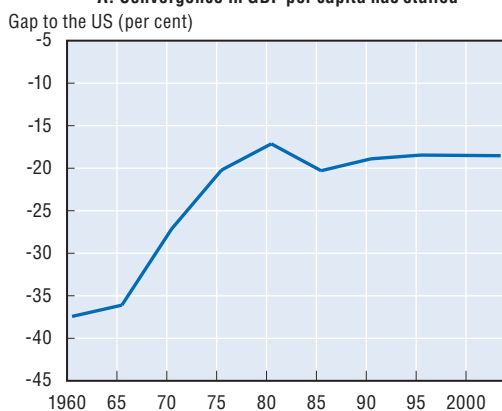
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Structural indicators

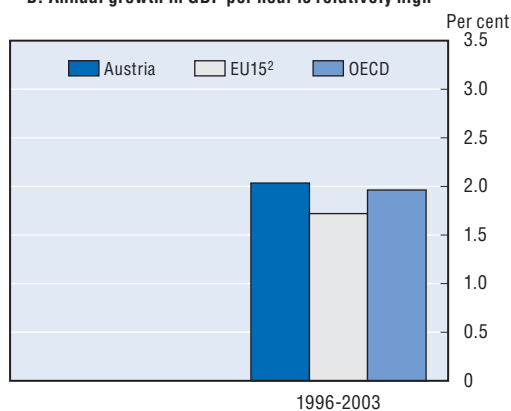
	1990	1995	2000	2003
Trend GDP per capita (% growth rate)	1.5	1.8	2.3	2.1
Trend employment rate	74.3	74.2	74.7	75.3
Trend participation rate	77.6	78.0	78.7	79.2
Structural unemployment rate (NAIRU)	4.3	4.9	5.0	4.9

Source: Estimates based on OECD Economic Outlook, No. 76.

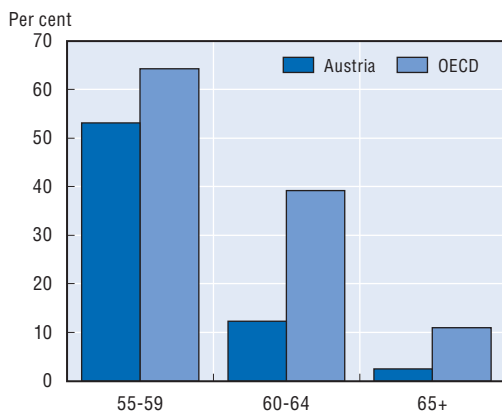
A. Convergence in GDP per capita has stalled¹



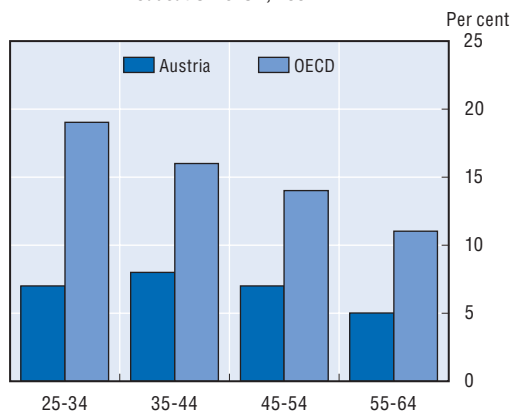
B. Annual growth in GDP per hour is relatively high



C. Participation rates for older workers are low, 2003



D. The share of population with tertiary education is low, 2002³



1. Percentage gap with respect to US GDP per capita (in constant 2000 PPPs).

2. Excluding Austria and Luxembourg.

3. Tertiary type A programmes, providing qualifications for advanced research or higher skill professions.

Source: Charts A and B: National Accounts of OECD Countries, 2004; OECD Labour Force Statistics, 2004; OECD Economic Outlook, No. 76; Chart C: OECD Labour Force Statistics, 2004; Chart D: OECD Education at a Glance, 2004.