

GREECE

Priorities supported by indicators

► **Reduce the implicit taxes on continued work at older ages (2005, 2007, 2009)**

Recommendations: Reduce incentives for early retirement by narrowing the list of arduous occupations and applying stricter eligibility criteria for disability pensions. Link benefits to lifetime contributions.

Actions taken: The 2008 pension reform increased the minimum age at which certain beneficiaries can retire and reduced financial disincentives to continue to work. The list of professions falling under arduous occupations is being redefined. A public consultation on pension reform began in late 2009.

Reduce barriers to entry in network industries (2005, 2007, 2009)

Recommendations: Proceed with privatisation and foster competition in network industries.

Actions taken: A large number of public enterprises have been privatised in recent years, including Olympic Airways in 2009. The powers and responsibilities of the Competition Committee have been increased. The electricity sector has been further liberalised in 2007 and the role of the energy sector regulator enhanced. Supervisory interventions to ensure competition in the telecommunications market have been intensified.

Reform employment protection legislation (2005, 2007)

Recommendations: Ease employment protection by bringing the high severance costs for white-collar workers more in line with those incurred for blue-collar workers.

Actions taken: No action taken.

Reduce the tax wedge on labour income (2009)

Recommendations: Tax wedges should be reduced to curtail tax evasion and informality.

Actions taken: Personal income taxes have been reduced, accompanied by measures to curtail social security evasion through the creation of a national social security register in 2008.

Reduce administrative burdens on start-ups (2005)

Recommendations: Reduce the substantial barriers to entrepreneurship.

Actions taken: Registration and licensing procedures for new businesses have been simplified. A high-level Working Group was created in 2008 to monitor and make recommendations on administrative burden measurement. Measures to simplify business start-up procedures should be submitted to Parliament in early 2010.

Other key priorities

Improve the efficiency and quality of the education system (2007, 2009)

Recommendations: Improve teaching quality and enhance the flexibility of school curricula. Enhance competition in tertiary education by allowing the entry of private universities. Link the funding of tertiary institutions to indicators of performance, proceeding at a later stage with deeper reforms to finances.

Actions taken: Legislation passed in 2007 included measures to improve the governance and accountability of universities, limit the duration of academic studies and raise loan provision.

Ease entry into the labour market (2007, 2009)

Recommendations: Minimum wages setting should take more account of high youth unemployment.

Actions taken: No action taken.

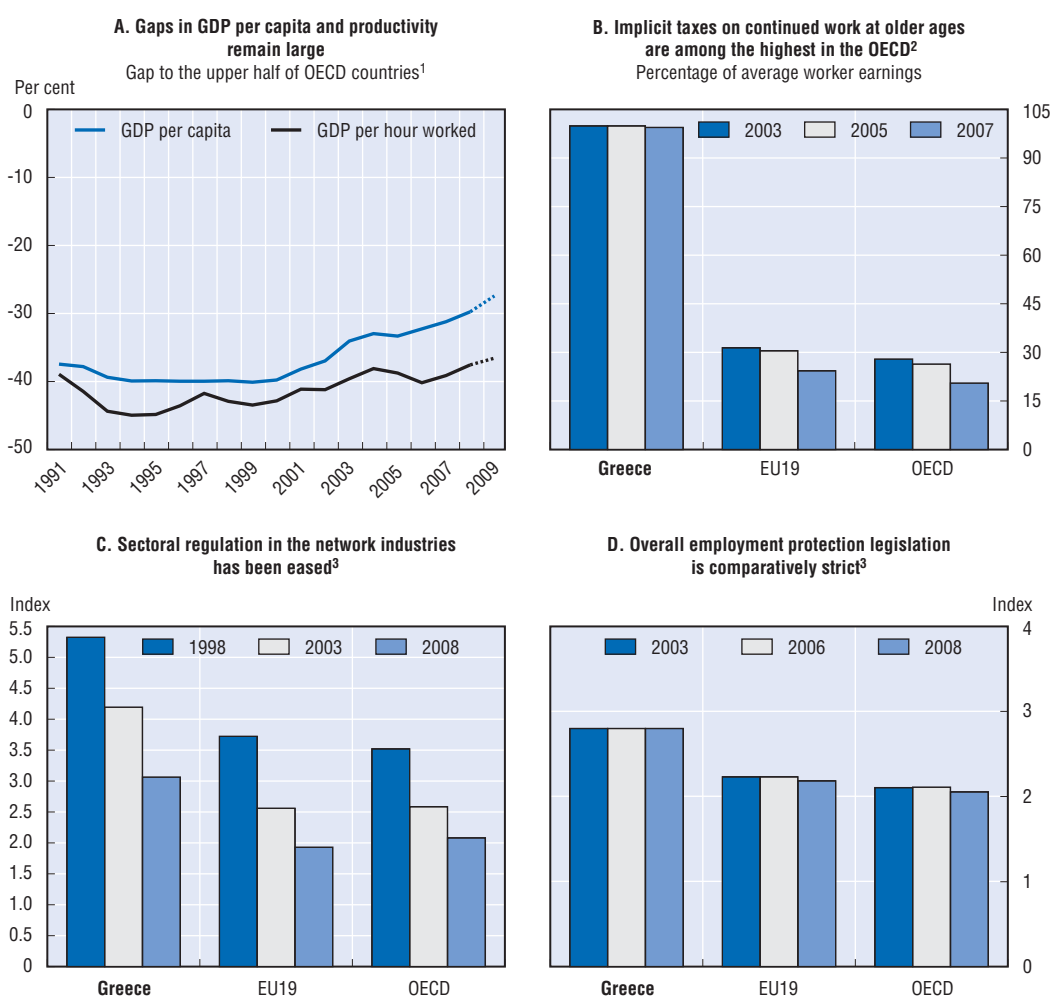
Further simplify the tax system (2005)

Recommendations: Make the tax system less complex to reduce compliance costs.

Actions taken: The structure of the tax system has been simplified since 2005 by reducing the number of tax brackets, removing certain exemptions, and adopting a less complex regime for property taxation. A comprehensive reform aiming at simplifying the tax system should be submitted to Parliament in March 2010.

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- The income gap vis-à-vis the best performing countries has narrowed rapidly over the past decade, but it remains large, reflecting a major shortfall in productivity. There is also scope to improve labour utilisation by reducing youth unemployment and boosting female labour force participation.
- In key priority areas, measures have been taken in recent years to reduce incentives for early retirement, lower labour tax wedges and enhance competition in network industries; however, these areas remain core priorities. Reforms are needed to ease labour market entry.
- In other areas, some reforms have been introduced recently in health care.



1. Percentage gap with respect to the simple average of the upper half of OECD countries in terms of GDP per capita and GDP per hour worked (in constant 2005 PPPs). The gaps for 2009 are OECD estimates, based on the OECD Economic Outlook, No. 86.
2. Implicit tax on continued work embedded in the regular old-age pension scheme for 60-year-olds.
3. Index scale of 0-6 from least to most restrictive.

Source: Chart A: OECD, National Accounts and Economic Outlook 86 Databases; Chart B: Duval, R. (2003), "The Retirement Effects of Old-Age Pension and Early Retirement Schemes in OECD Countries", OECD Economics Department Working Papers, No. 370 and OECD calculations; Chart C: OECD, Product Market Regulation Database; Chart D: OECD, Employment Outlook Database.

StatLink  <http://dx.doi.org/10.1787/786611566183>