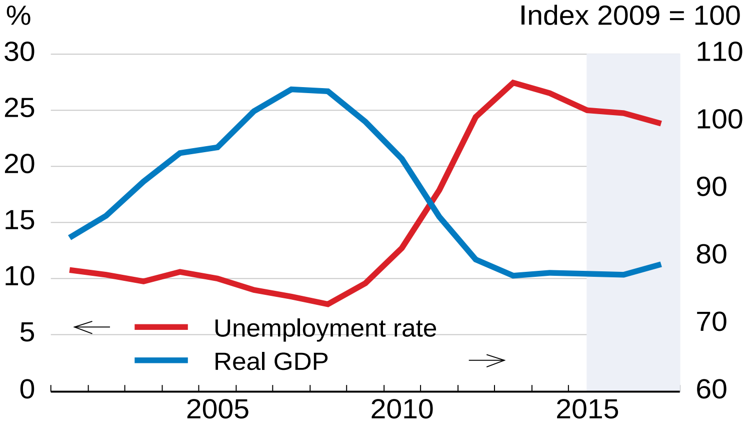
Economic Survey of Greece 2016

The economy is gradually recovering from a deep recession but high social costs persist

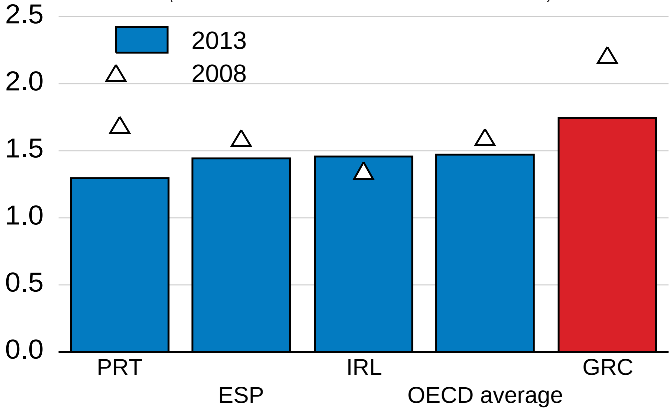
Real GDP and unemployment rate



Following a deep and prolonged depression, during which real GDP fell by 26%, the economy is projected to grow again in the course of 2016 and 2017, but a full recovery will take time. Competitiveness has improved markedly, but exports and investment remain weak. The unemployment rate, at 25%, is still high despite a moderate decline since 2013. The depression has pushed many people into poverty and income inequality has increased. Tax and benefit reforms have materially improved the budget position, but the burden of adjustment has been uneven and public debt is still very high. The banking sector has recently been recapitalised, but credit creation remains weak due to the high burden of non-performing loans on banks' balance sheets, and reduced demand for loans.

Significant structural reforms have been legislated, but their mix and implementation were uneven

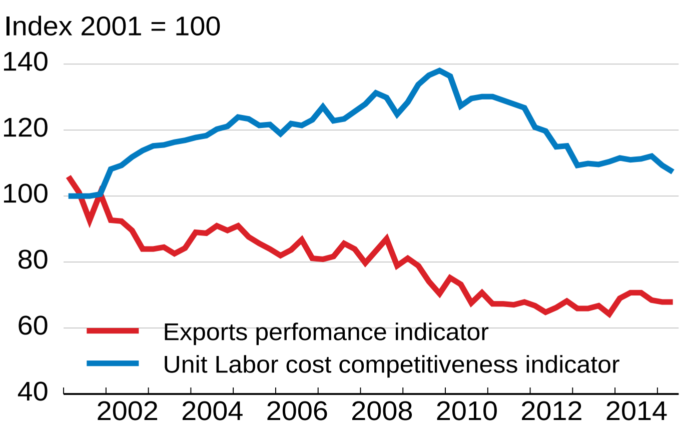
Product market regulation index
(0-6 from least to most restrictive)



Greece has implemented significant labour market reforms, but progress has been less on reducing oligopoly power, the regulatory burden and weaknesses in the public administration, due to administrative capacity constraints, little ownership of past reform programmes and vested interests. The depressed economy, lack of bank finance and remaining structural impediments are holding back the modernisation of the Greek economy.

Stronger exports and investment are a key to sustained recovery

Export performance and relative unit labour costs



Remaining structural barriers and administrative burdens raise costs of exporting. Greece's integration in global value chains is low due to insufficient investment in human and knowledge-based capital, low inward FDI, the small size of enterprises and the manufacturing sector and weak infrastructure. Network industries have been liberalised but the still restrictive regulation of the energy and transport sectors reduces trade in both goods and services.

www.oecd.org/eco/surveys/economic-survey-greece.htm

OECD

BETTER POLICIES FOR BETTER LIVES

web