



SPRING 2010 REFORM BAROMETER - GREECE

1. SUMMARY TABLE

| <u>Greece</u> | | | | <u>Rank among 29 **</u> | | | <u>Relative Gap</u> | |
|--|--------------|--------------|--------------|-------------------------|------|--------|--------------------------|---------------------------------|
| | 2008 | 2009 | Change | 2008 | 2009 | Change | EU 5 top performers 2009 | Gap to EU 5 top performers 2009 |
| GDP per capita (Purchasing Power Parity - PPP) | 23842 | 23160 | -2.9% | 16 | 16 | 0 | LU, IE, NL, AT, BE | -32% |
| GDP per capita (€ at 2000 prices) | 16495 | 16241 | -1.5% | 17 | 16 | 1 | LU, DK, SE, IE, UK | -53% |
| Labour Utilisation (Annual hours worked per capita) | 901 | 884 | -1.8% | 6 | 4 | 2 | CY, SI, GR, CZ, PL | 0% |
| Annual hours worked per person employed *1 | 2172 | 2161 | -0.5% | 1 | 1 | 0 | GR, HU, PL, SI, CZ | 7% |
| Employment as % of labour force (100-unemployment rate) | 92.3 | 91.0 | -1.3 | 24 | 19 | 5 | NL, DK, AT, CY, LU | -4 |
| Labour participation (labour force as % of active population) | 67.1 | 67.0 | -0.1 | 23 | 24 | -1 | NL, DK, SE, DE, UK | -14 |
| Dependency ratio (working age population as % of total population) | 67.0 | 67.1 | 0.1 | 20 | 19 | 1 | SK, PL, CY, CZ, RO | -6 |
| Labour Productivity (GDP per hour worked, in PPP) | 26.2 | 25.9 | -1.1% | 17 | 16 | 1 | LU, BE, NL, FR, DE | -40% |
| Labour Productivity (GDP per hour worked, € at 2000 prices) | 18.1 | 18.2 | 0.3% | 16 | 16 | 0 | LU, SE, BE, DK, FR | -62% |
| Capital deepening (capital stock per hour worked)* | 4.5 | 4.5 | 0.9% | 15 | 15 | 0 | IE, FR, LU, AT, SE | -23% |
| Total Factor Productivity (level of economic efficiency per hour worked)* | 4.1 | 4.0 | -0.6% | 16 | 16 | 0 | LU, UK, DK, SE, BE | -53% |
| Corporate Investment (private investment excluding non-residential, % GDP) | 12.4 | 9.1 | -3.3 | 14 | 16 | -2 | BE, RO, AT, DK, SK | -4.0 |
| Current Account Balance (as % GDP) | -13.8 | -8.8 | 5.0 | 27 | 26 | 1 | LU, SE, LV, DE, EE | -15.2 |
| Export market share measured in volume relative to main 35 trading partners (from 2000) | -14.2 | -10.9 | 3.3 | 25 | 22 | 3 | RO, LT, HU, CZ, PL | -65.6 |
| Labour Costs relative to main 35 trading partners (from 2000) *2 | -1.3 | -2.4 | -1.1 | 7 | 6 | 1 | DE, PL, AT, SE, GR | 4.7 |
| Public Debt (as % GDP) | 99.2 | 112.6 | 13.4 | 28 | 28 | 0 | EE, LU, BG, RO, LT | 94.7 |
| Net lending/net borrowing of general government (as % GDP) | -7.7 | -12.7 | -4.9 | 29 | 29 | 0 | BG, DK, SE, LU, FI | -10.7 |
| Required budgetary adjustment related to ageing (%GDP) | N/A | 7.7 | N/A | N/A | 27 | N/A | PL, EE, HU, BG, SE | 7.6 |
| Public Investment (as % total public expenditure) | 6.8 | 6.8 | 0.0 | 16 | 18 | -2 | BG, RO, EE, CZ, PL | -9.6 |
| Tax burden (as % GDP) | 33.1 | 31.2 | -1.9 | 8 | 8 | 0 | LV, RO, IE, SK, LT | 3.4 |

Note: Labour utilisation and productivity are a product of its sub-components.

* Rank refers to EU15 ** EU 27, Norway and Switzerland

*1 High percentage of self-employment contributes to high level of this indicator. Average hours for dependent labour are a little above the OECD and EU average.

*2 The indicator refers to dependent employment, and does not include independent employment which is particularly widespread in Greece.

2. PRIORITIES FOR REFORM: ANSWERS FROM SEV (GREECE)

| | 1. Priority areas | 2. Concrete Recommendations | 3. Are the proposed recommendations already in the agenda of your Government? | |
|------------|---|--|---|--|
| | | | Yes | No |
| Priority 1 | Orientation and sustainability of public finances | - Fight tax evasion; - Broaden the tax base; - Reduce the size of the public sector; - Introduce programme budgeting; - Better control of primary expenditure; - Better control of health related expenditure; - Implement e-procurement; - Outline pension reform plans; - Enhance the credibility of statistical and financial data; | - yes for remaining; for control of health care expenditure and e-procurement have been announced but there is no action yet. | - Reduce the size of the public sector |
| Priority 2 | Market integration - - Openness to trade and investment | - Liberalise all regulated professions, markets and network industries (in particular transportation and supply chain related) which remain uncompetitive; - Eliminate barriers to entry to markets relating to any quantitative or geographical limitations; - Bring national competition law up to European standards and ensure the independency of the National Competition Authority (HCC); | Although measures are announced, action taken so far is modest or not in the right direction. | |
| Priority 3 | Business Environment - Regulatory barriers to entrepreneurship | - Simplify and rationalise the tax system; - Create one stop shop for businesses; - Reduce administrative burden and adopt principles of better regulation; - Simplify administrative procedures, especially related to licensing and operation of businesses; - Implement the Digital Strategy | As above | |
| Priority 4 | Active labour market policies | - Implement active labour market policies specialized for particular groups (young people, women, older people, long - term unemployed, low skilled and those at risk of poverty that now leave the labour market); - Promote new forms of employment; - Reduce incentives for early retirement; - Promote life long learning programmes especially by the private sector | Although a few measures are announced, action is very poor. | |
| Priority 5 | R&D and Innovation | - Implement a complete legal framework for research - Implement the Digital Strategy - Promote all above mentioned measures for the improvement of the business environment | Progress is very poor. | |