



Policy reforms for Europe and Greece

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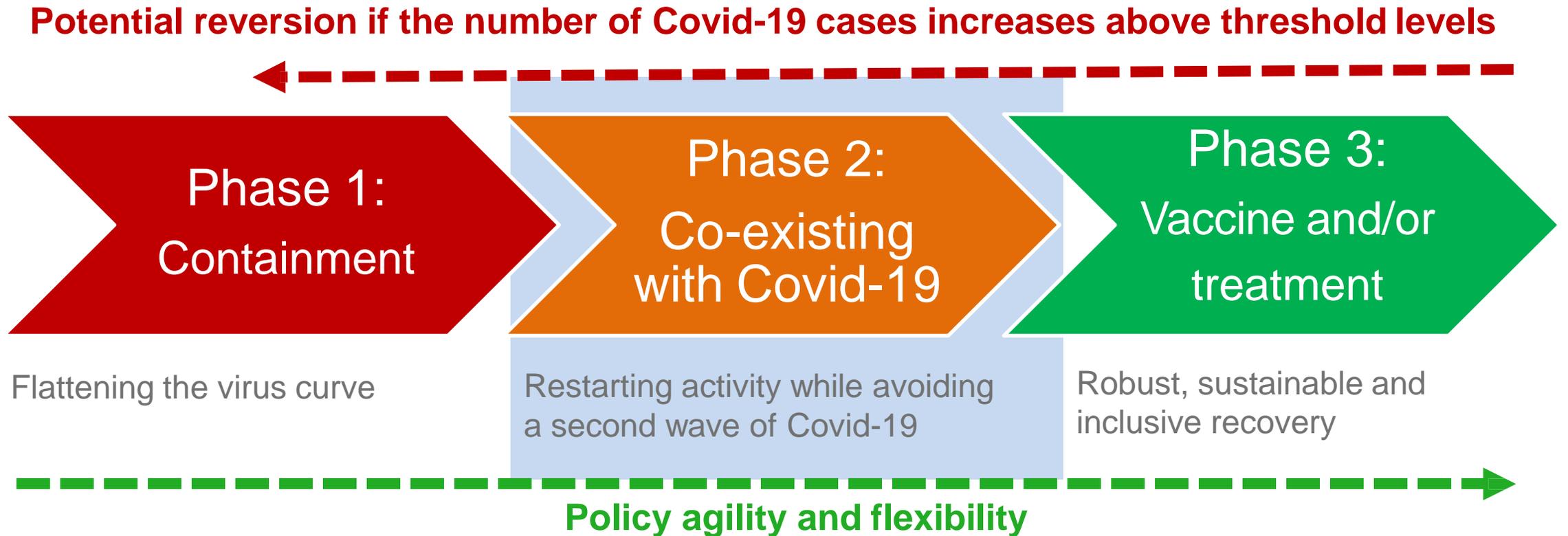


An unprecedented crisis

- **Covid-19 is the worst health and economic crisis since WWII.**
 - Pervasive uncertainty.
 - Supply and demand shock
 - Our outlook is made up of two equally possible economic scenarios.
- **The recovery will be slow and the crisis will have long-lasting effects,** disproportionately affecting the most vulnerable people.
- **Policy challenges: cooperate for producing and distributing a vaccine; move from blanket to targeted support** to help workers transit to new jobs, ensure rapid firm restructuring and provide social protection to the most vulnerable.



This is a marathon not a sprint: We are only in phase 2 of the pandemic crisis



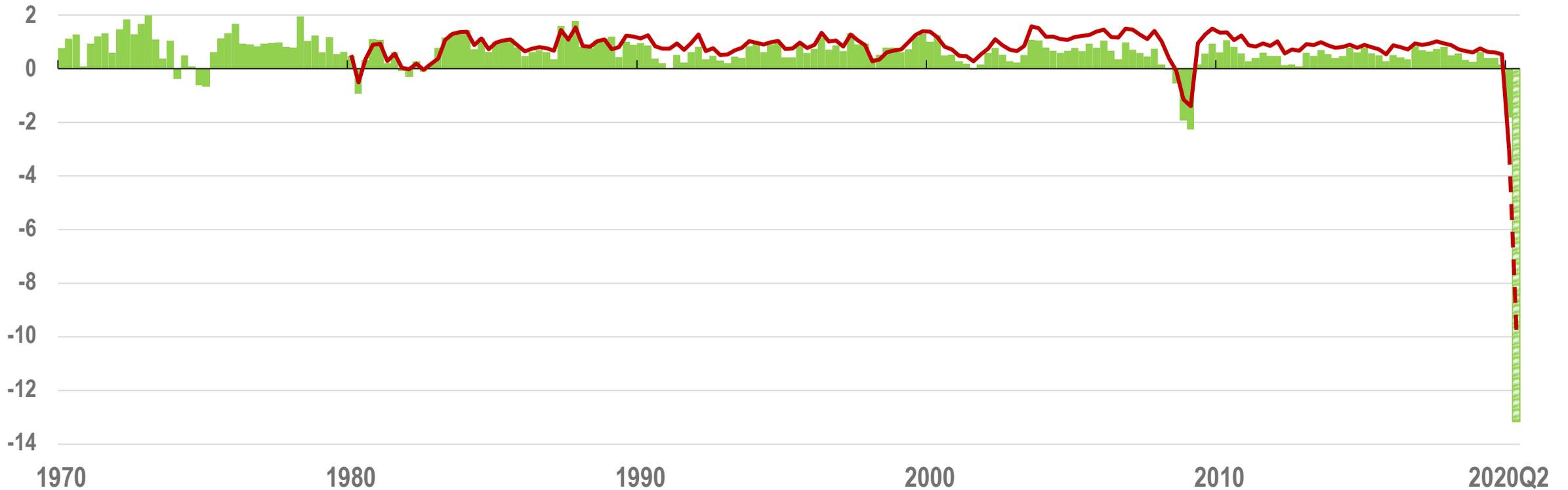


Global activity has collapsed

Percentage change in GDP

Quarter-on-quarter

OECD World

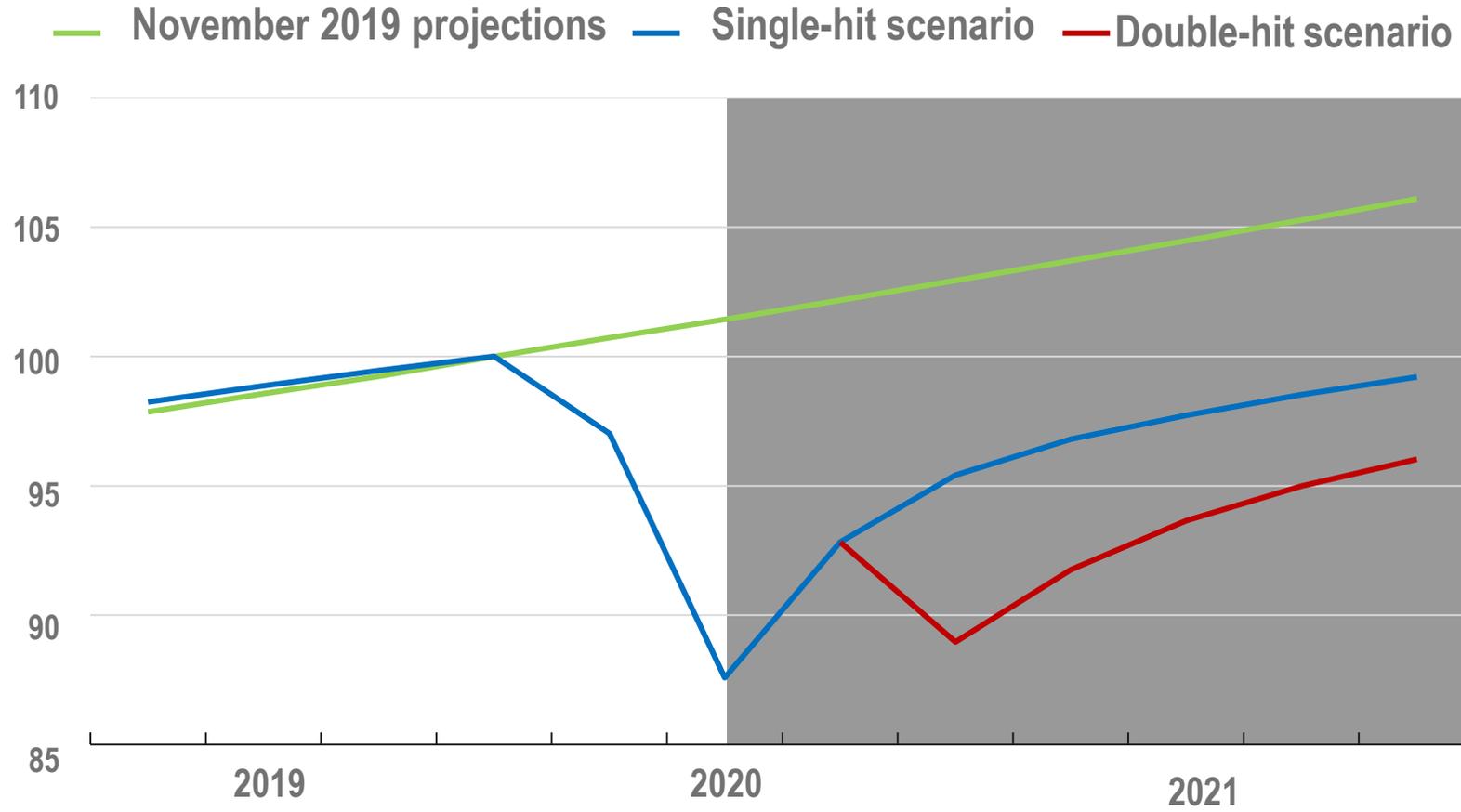




The recovery will be slow and uncertain

World GDP

Constant prices, index, 2019Q4 = 100



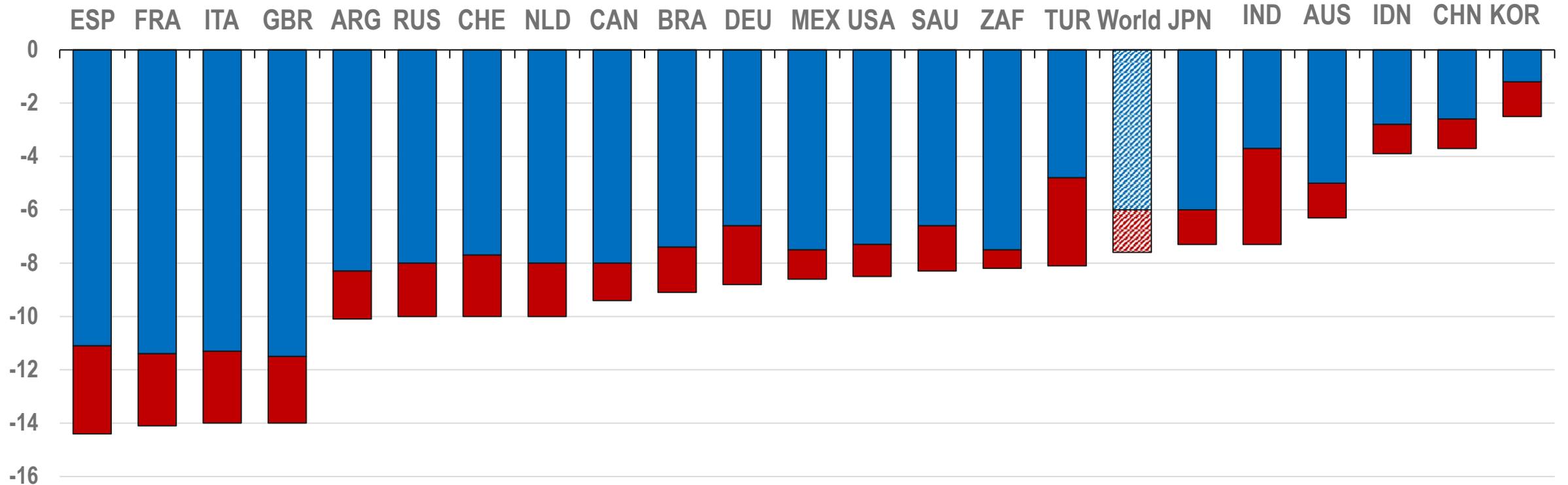


Economic Outlook projections

Projected GDP change in 2020 in G20 economies

%, year-on-year

■ Single-hit scenario ■ Additional decline in the double-hit scenario

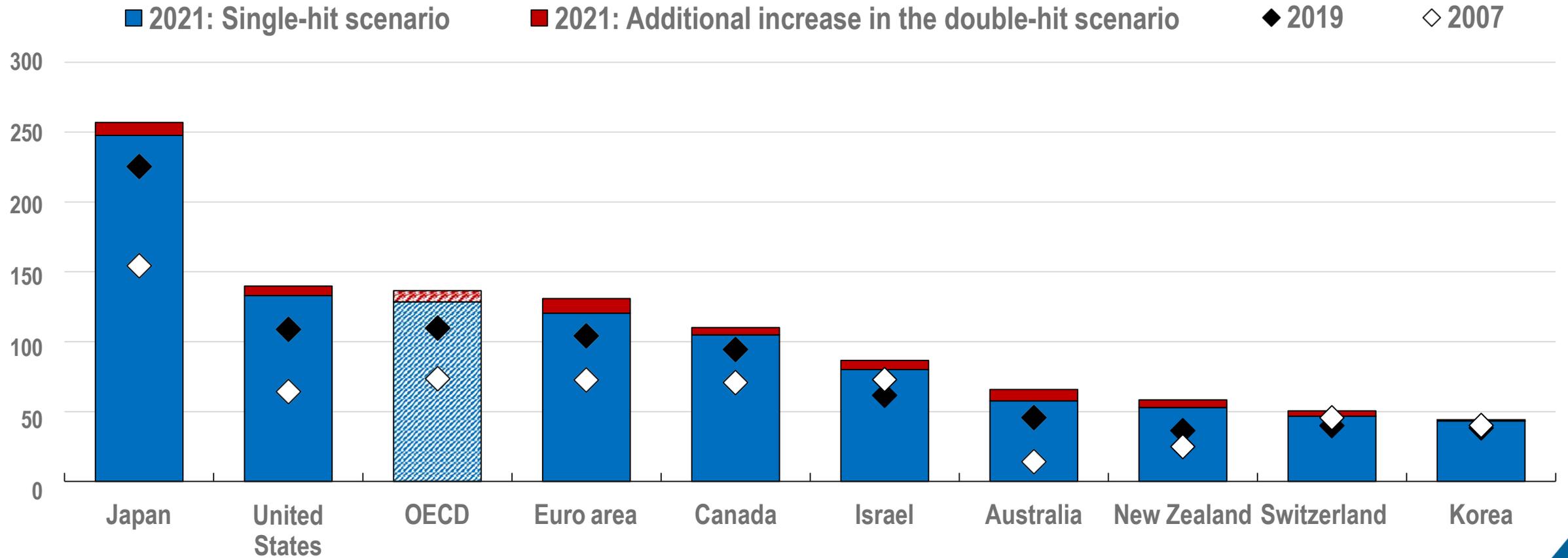




Public debt will increase substantially

Estimated government gross financial liabilities

% of GDP





Policy and reform challenges for Greece

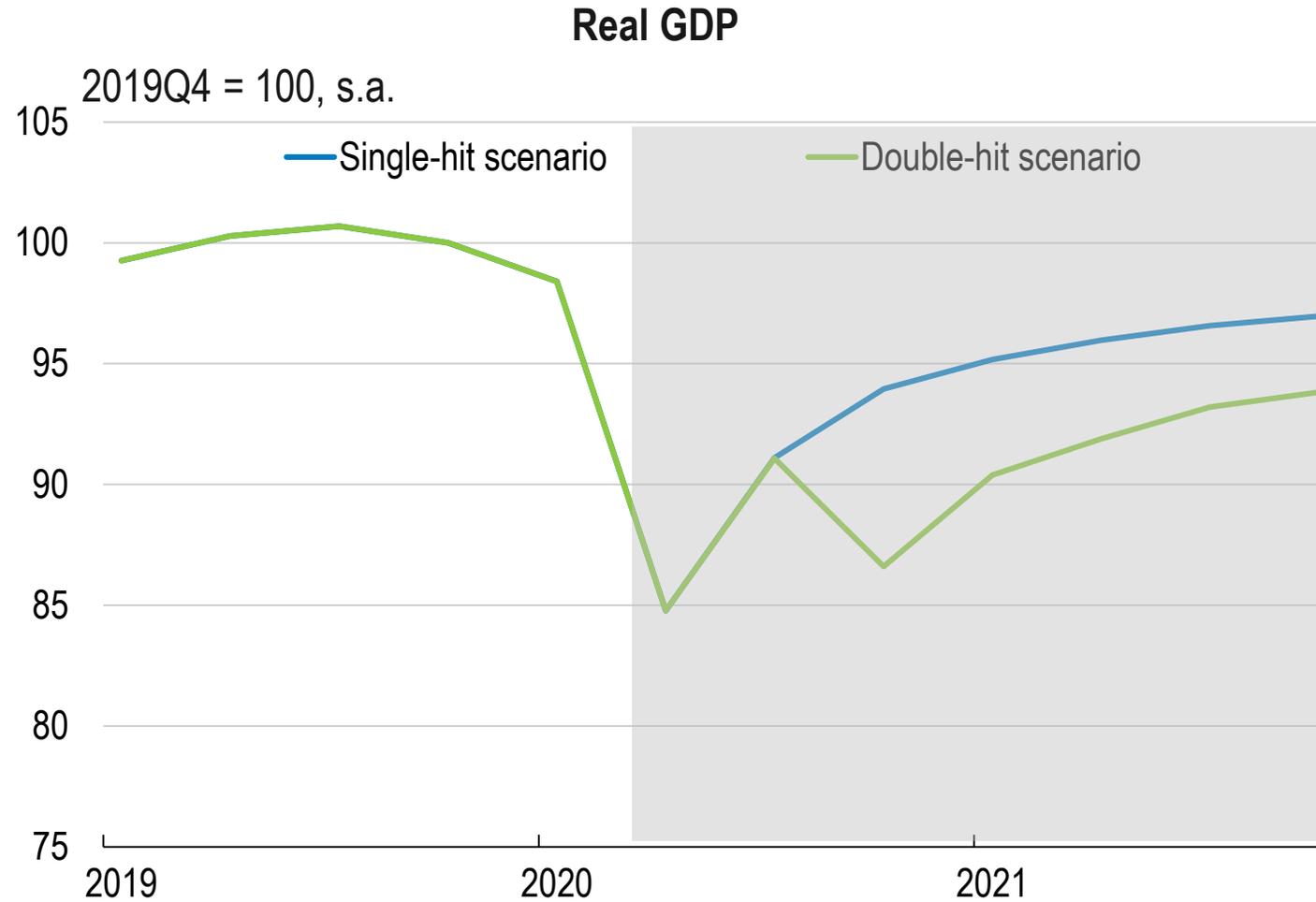


Reforms and Recovery

- Prior to the COVID-19 shock, Greece was recovering, as structural reforms improved competitiveness, raising exports and jobs.
- Greece has shown over recent years and through the COVID-19 crisis how it can achieve large and swift reforms.
- The *2020 Economic Survey of Greece* will be published July 17. Special focus chapter on rejuvenating Greece's labour market.

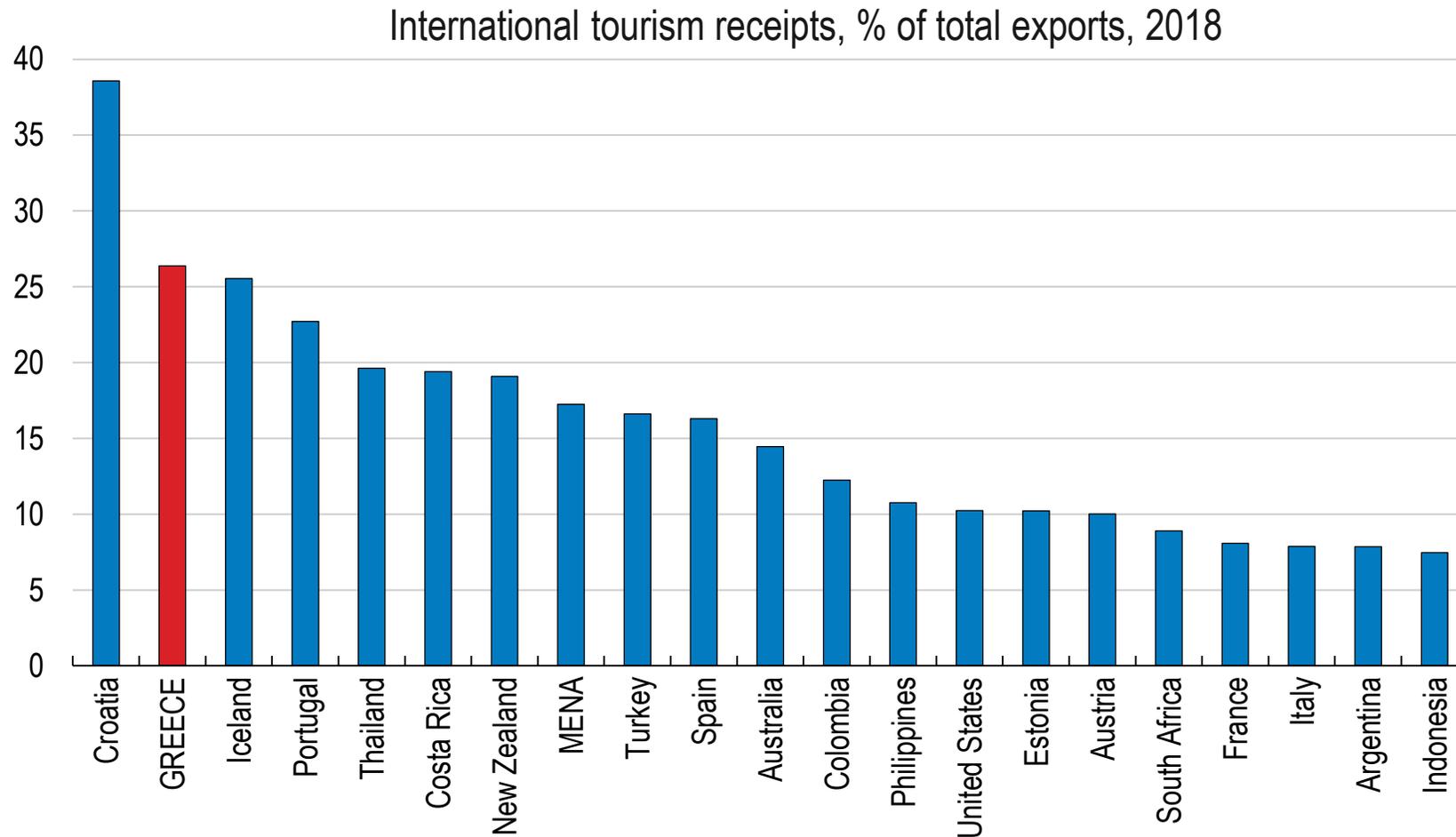


The recovery will be protracted





Tourism is important for exports and incomes



Source: OECD Economic Outlook 107 database; OECD Economic Outlook 106 database; World Bank World Development Indicators database; and OECD calculations.



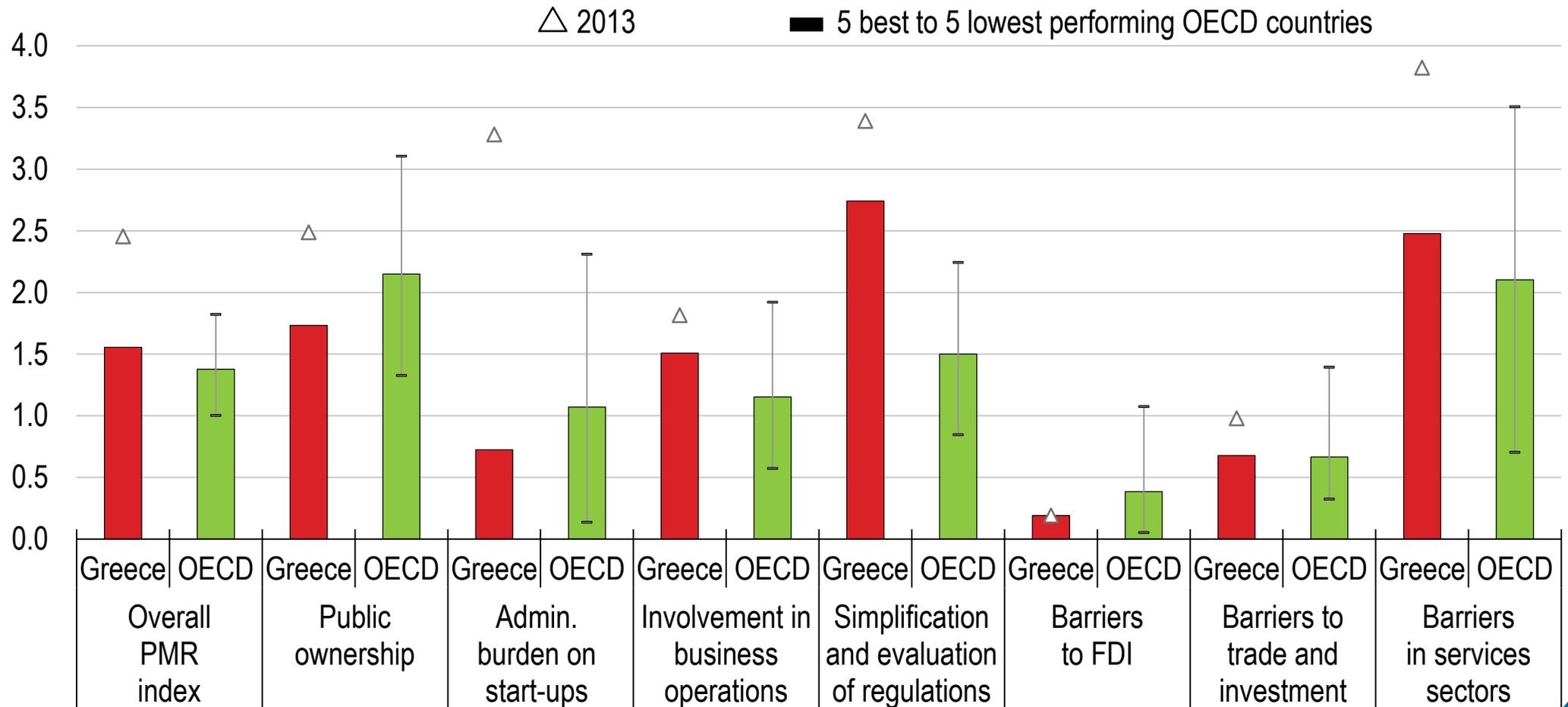
Ambitious and comprehensive reforms are key

- Once the COVID-19 shock recedes, a medium-term reform programme is key:
 - Reduction of barriers to competition
 - Public Administration reform: raise the public sector's efficiency
 - Improve justice system's responsiveness
- Strengthening active labour market programmes, education and professional training would improve the workforce's ability to adapt to the COVID-19 shock and to a changing labour market.



Regulation of product market has improved, but remains heavy for services

Index scale from 0 to 6, from most to least competition-friendly regulations, 2018



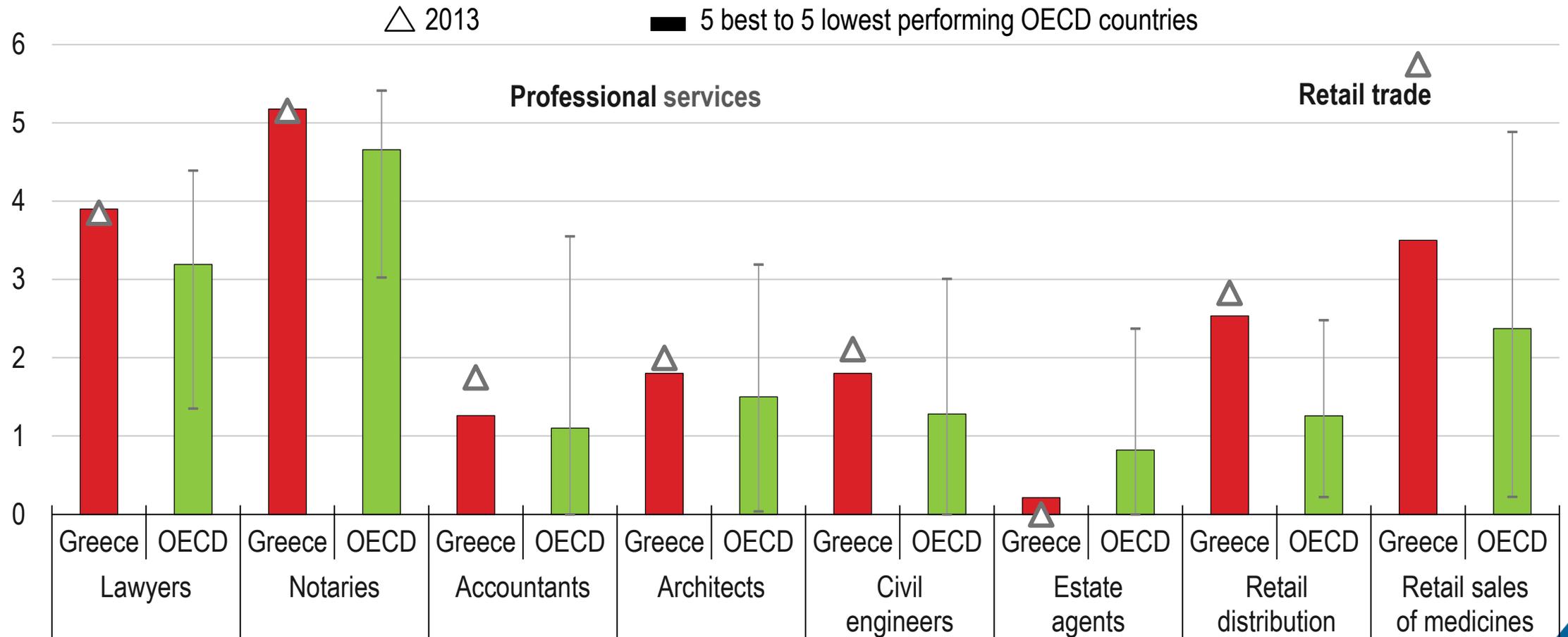
Source: OECD 2018 PMR database and OECD calculations.



Regulation remains heavy for professional services and retail trade

Professional services and retail distribution

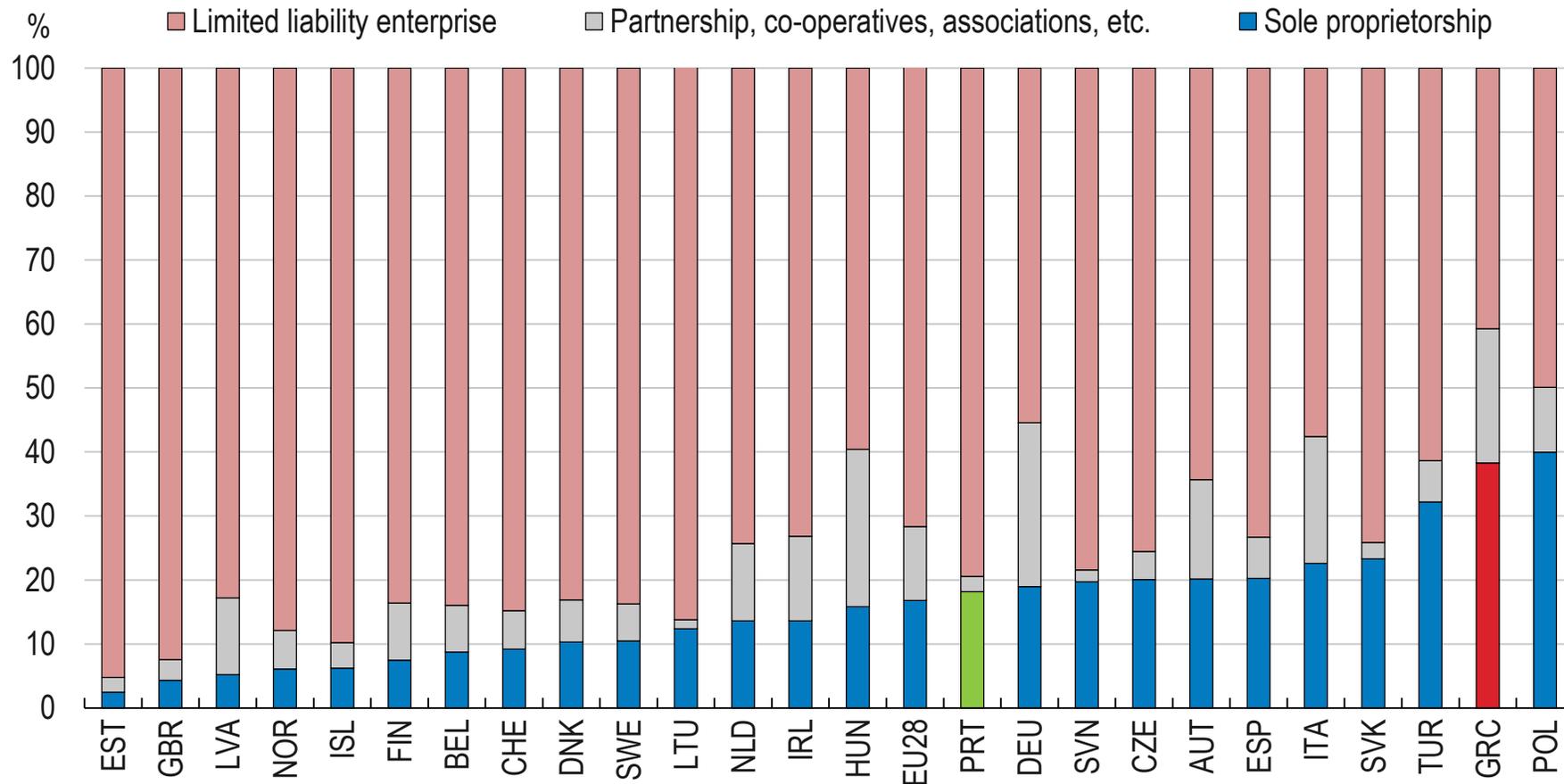
Index scale from 0 to 6, from most to least competition-friendly regulations, 2018





Encouraging larger enterprises to flourish

Employment by business's legal form, % of total business employment*

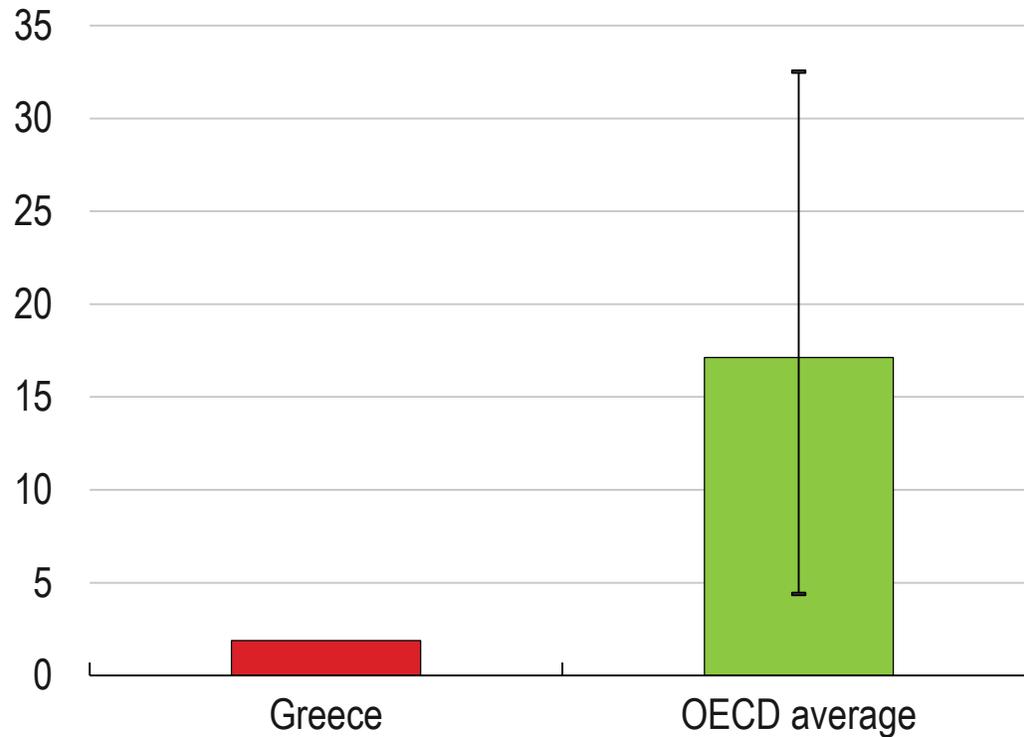


* 2017 or latest
Source: Eurostat

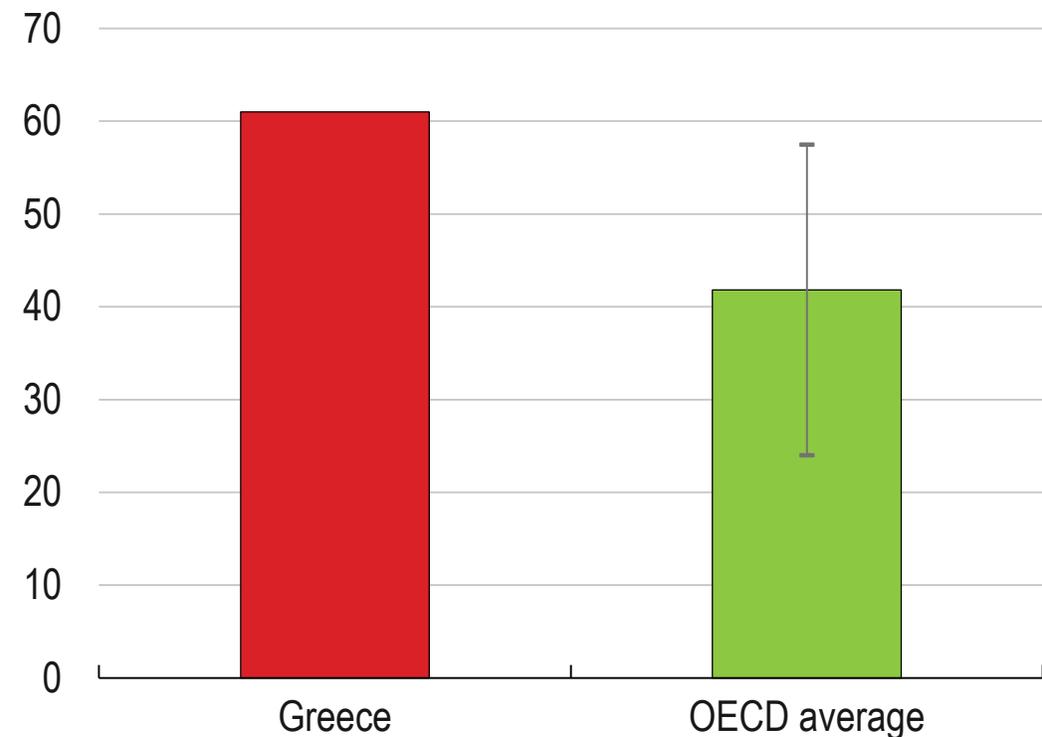


Strengthening active labour market programmes would help workers access better opportunities

A. Spending per unemployed in active labour market programmes, 2017, % GDP per capita



B. Hiring difficulties*, 2018



* % of employers reporting difficulty in filling jobs.



Will Europe help?

- Global financial crisis/sovereign debt crisis versus now
- ECB, European Commission (fiscal rules, state aid)
- Recovery Fund
- Reforms in EU