



**ΙΔΡΥΜΑ ΟΙΚΟΝΟΜΙΚΩΝ & ΒΙΟΜΗΧΑΝΙΚΩΝ ΕΡΕΥΝΩΝ**  
**FOUNDATION FOR ECONOMIC & INDUSTRIAL RESEARCH**

---

Τσάμη Καρατάσου 11, 117 42 Αθήνα, Τηλ.: 210 92 11 200-10, Fax: 210 92 33 977, [www.iobe.gr](http://www.iobe.gr)  
11 Tsami Karatassou, 117 42 Athens, Greece, Tel.: +30 210-9211 200-10, Fax: +30210-9233 977

Athens, April 8, 2014

## **PRESS RELEASE**

### **"The economic effects of structural reforms"**

*The Foundation for Economic & Industrial Research (IOBE) is a private, non-profit, public-benefit research organisation. It was established in 1975 with the dual purpose of promoting research on current problems and prospects of the Greek economy and its sectors and of generating reliable information, analysis and proposals for action that are non produced elsewhere and can thus be of high value to policy makers in the context of economic policy making. In that sense, IOBE holds a unique position in Greek society: it is the only politically independent, non-partisan body dealing with major issues of the economy, and it aspires to being pro-active, that is, it seeks to identify, at an early stage, economic issues that can become crucial in the future and to propose timely solutions for these.*

An event was organized by the **Foundation for Economic and Industrial Research (IOBE)** and the **Task Force for Greece of the European Commission**, in cooperation with the **European Commission Representation in Greece**, on the **economic effects of structural reforms**.

The main speakers at the event were the **Head of the European Commission Task Force for Greece, Mr Horst Reichenbach** and the **Director General of IOBE** and Professor at the Athens University of Economics and Business, **Mr. Nikos Vettas**. **Mr. Panos Carvounis, Head of European Commission Representation in Greece** made the opening address. Findings from recent studies on the economic effects of structural reforms were presented by **Mr. Svetoslav Danchev**, Head of the Section of Microeconomic Analysis and Policy of **IOBE** and **Mr. Nikos Zonzilos**, Research Associate of the **IOBE**.

In his welcoming speech, **Mr. Carvounis** stressed the efforts undertaken by Greece in the last years, underlining the role of the Task Force for Greece. He referred, in particular, to the achievements that have already been made and mentioned that "many important reforms have been implemented in various sectors. Many of these would not have been possible without the support of the TFGR, the know-how and experience of its staff".

**Mr. Reichenbach** stressed in his speech that in recent years, Greece has succeeded in putting in motion a wide-ranging agenda of structural reforms. As confirmed by international benchmarks, it has improved significantly over the last two years. Despite this, there is still a long way to go and efforts should not stop: "It is essential to continue with the reforms in order to further improve the competitiveness of the Greek economy and to make Greece more attractive for investors. The effects of reforms and growth prospects are still far from being visible for citizens, but the results of IOBE's studies demonstrate the significant benefits which will derive from these reforms over the medium- and long-term".

**Mr. Vettas** referred to the very significant adjustments that have been made in the Greek economy, already reflected to the positive developments in the balance of payments and the primary government budget and stated that this provides a ground for future growth that should not be compromised. Regarding structural reforms, he observed that significant progress has been made at several fronts, but he also expressed the opinion that progress thus far appears uneven and that the overall dynamics of reforms should be strengthened in order the Greek economy to achieve a period of sustainable growth. He attributed, in part, the relatively weak performance in exports and investments and the unprecedented depth of the cumulative recession to the lack of a clear signal that would come from the full implementation of the relevant reforms. He also described conditions under which the Greek economy could return soon to a path of significant growth and the related challenges.

**Mr. Danchev**, referring to the key points of two recent studies<sup>1</sup>, stressed the importance of monitoring the performance indicators, both in relation to the changes of the regulatory framework, and also to the effect of these changes on the functioning of the markets; he then presented progress made by Greece in the areas of public procurement, investment, competition and exports. The studies show that the establishment of the Independent Single Public Procurement Authority (EAADISY) in September 2011 has been the most important change in the field of public procurement completed so far, as the enhanced transparency given by its operation appears to have led to significant reduction in the cost of purchases made by the State.

Regarding investments, analysis from 26 European countries shows significant benefits from reforms which have led to reducing the time and costs of the necessary administrative procedures for investment, whilst enhancing competition by eliminating barriers in the establishment and operation of businesses proves to have reduced the level of prices, especially for the Services Sector. Finally, the empirical analysis based on data from European countries provides strong evidence that reforms that facilitate exports (e.g. reduction of the number of required documents, of the time and of the administrative costs for processing exports) actually lead to a significant increase in exports.

**Mr. Zonzilos** then presented the study entitled "Assessment of the macroeconomic impact of structural reforms in Greece." For the purpose of this study, four scenarios were carried out corresponding to four key structural interventions:

- Improving the functioning of the public procurement system.
- Strengthening entrepreneurship and private investment.
- Enhancing competition in the tradable and non-tradable sectors.
- Increase in labour augmenting productivity and total factor productivity.

According to Mr. Zonzilos, a credible implementation of the proposed structural reforms could gradually lead the economy to significantly higher levels of output and employment, through the induced flexibility of the price system. Furthermore, the results show that the systematic promotion of reforms in a wide range of sectors of the economy could provide significant competitiveness gains for the Greek economy, together with an increase of output and employment and without further recessionary implications. This is of particular importance, as the country is now exiting from the crisis and the internal equilibrium in the product and labour market should be achieved in a path broadly consistent with balance of payment equilibrium. From a methodological point of view Mr. Zonzilos also noted that the evaluation was performed using a three-regions version (Greece, Eurozone and rest of the world) of the IMF multi-country general equilibrium model (GIMF) maintained and calibrated in the FEIR.

The event closed with a debate, based on questions from the audience.

<sup>1</sup> a) "Indicators of operating performance and progress of reforms" and "The impact of microeconomic reforms in the business environment."

---

The presentations are available at [www.iobe.gr](http://www.iobe.gr)

The reports can be found at: [http://ec.europa.eu/commission\\_2010-2014/president/taskforce-greece/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/president/taskforce-greece/index_en.htm)