GREECE

WORLD RANK: 100

REGIONAL RANK: 44

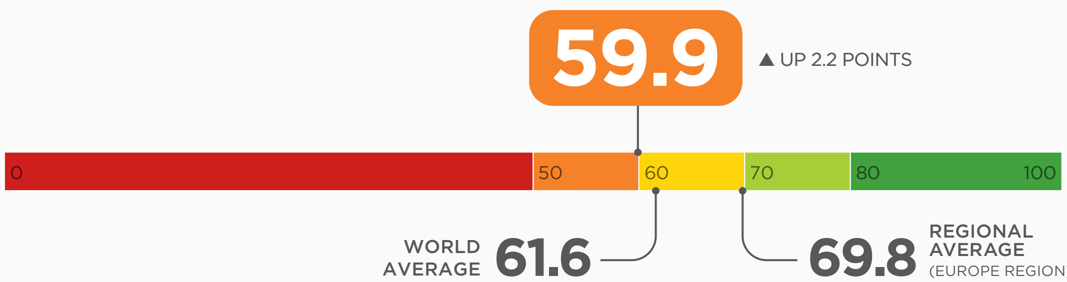
ECONOMIC FREEDOM STATUS: MOSTLY UNFREE

Greece's economic freedom score is 59.9, making its economy the 100th freest in the 2020 *Index*. Its overall score has increased by 2.2 points, primarily because of a higher **government integrity** score. Greece is ranked 44th among 45 countries in the Europe region, and its overall score is well below the regional average and slightly below the world average.

The Grecian economy has been in the mostly unfree category since the beginning of the second Greek financial crisis in 2012. GDP growth during that period has likewise been extremely depressed and has only begun to recover.

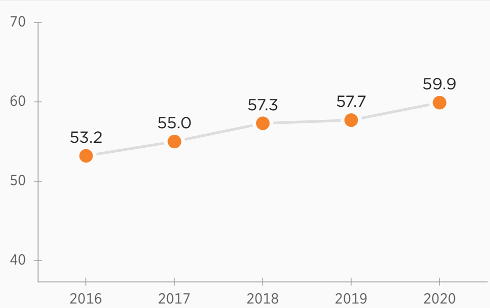
The new government will likely focus on actions to preserve strong gains made in tourism arrivals and competitiveness. Since Greece remains subject to the strict policy conditionality imposed by the "Troika" (the European Commission, European Central Bank, and IMF), to protect these gains and expand economic freedom, both financial freedom and the investment climate will have to be improved.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): –1.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.7 million

GDP (PPP):
$312.7 billion
2.1% growth in 2018
5-year compound annual growth 0.7%
$29,123 per capita

UNEMPLOYMENT:
19.2%

INFLATION (CPI):
0.8%

FDI INFLOW:
$4.3 billion

PUBLIC DEBT:
183.3% of GDP

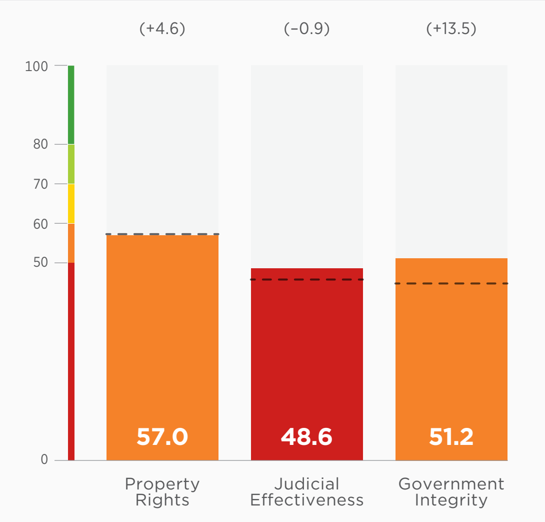
2018 data unless otherwise noted. Data compiled as of September 2019

BACKGROUND: Independent from the Ottoman Empire since 1830, Greece joined NATO in 1952 and the European Union in 1981 and entered the eurozone in 2002. New Prime Minister Kyriakos Mitsotakis led his center-right New Democracy party to a comfortable victory over the left-wing Syriza party in a July 2019 snap election. In 2018, Greece exited from an eight-year bailout program conditioned on economic reforms and deeply unpopular austerity measures. Economic growth has recovered, led by shipping and tourism, but unemployment and public debt remain high. Significant Chinese investment includes a controlling stake in the port of Piraeus. An agreement ratified by Greek voters in January 2019 led to the resolution of a long-standing name dispute with North Macedonia.

WORLD AVERAGE | ONE-YEAR SCORE CHANGE IN PARENTHESES

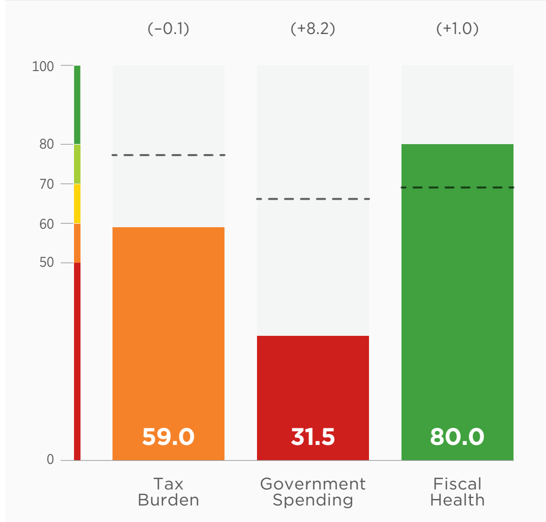
12 ECONOMIC FREEDOMS | GREECE

RULE OF LAW



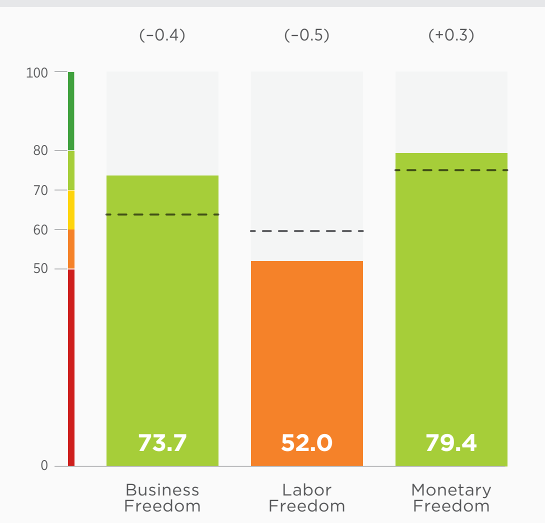
Greek laws extend protection of property rights to both foreign and Greek nationals, but enforcement is inadequate because of bureaucratic obstacles. Although independent, the judiciary is inefficient, slow, and understaffed. Official corruption has complicated the government's fiscal reform efforts. Anticorruption institutions are inadequately resourced. The vast majority of employees in Greek businesses regard corruption as widespread.

GOVERNMENT SIZE



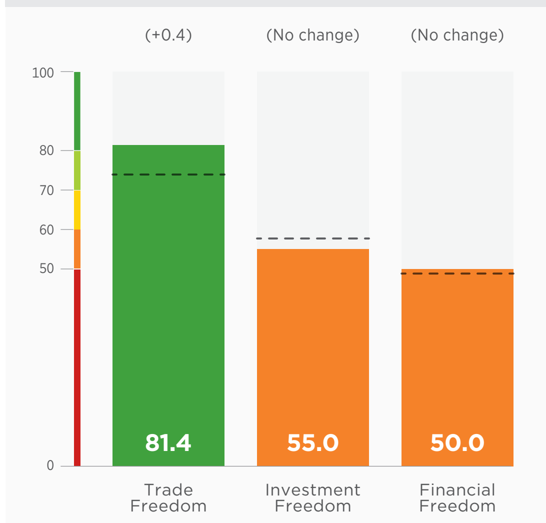
The top personal income tax rate is 42 percent, and the top corporate tax rate is 28 percent. The overall tax burden equals 39.4 percent of total domestic income. Government spending has amounted to 47.8 percent of the country's output (GDP) over the past three years, and budget surpluses have averaged 0.7 percent of GDP. Public debt is equivalent to 183.3 percent of GDP.

REGULATORY EFFICIENCY



High taxes cause many businesses to operate in the shadows of the black market. Registering property was recently made more difficult by a requirement for a tax certificate when registering a property transfer. Labor regulations are restrictive. Many workers do not report their income. The government opposes a planned 5 percent post-Brexit reduction of EU Common Agricultural Policy subsidies, calling it a threat to the Greek agricultural sector.

OPEN MARKETS



The total value of exports and imports of goods and services equals 72.5 percent of GDP. The average trade-weighted applied tariff rate (common among EU members) is 1.8 percent, with 637 EU-mandated nontariff measures reportedly in force. The inefficient investment regime is constrained by a lack of transparency. The number of domestic credit institutions has diminished drastically since 2009, and state involvement in the financial sector continues.