

GREECE

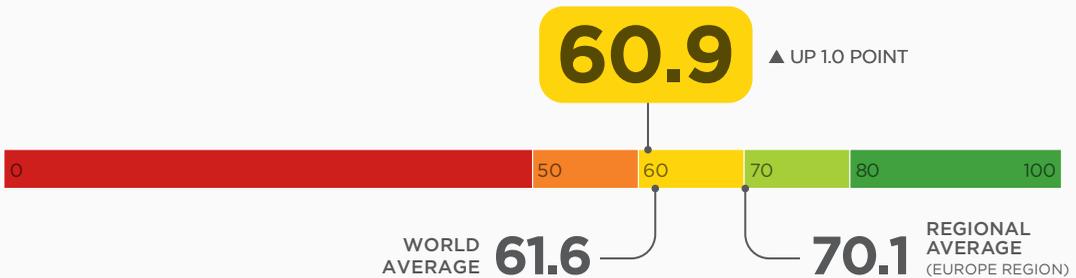
Greece's economic freedom score is 60.9, making its economy the 96th freest in the 2021 *Index*. Its overall score has increased by 1.0 point, primarily because of an improvement in **judicial effectiveness**. Greece is ranked 44th among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Greece's economy has returned to the ranks of the moderately free for the first time in a decade. To build on this progress toward greater economic freedom, however, the government will have to reduce spending, strengthen rule-of-law institutions, combat public and private corruption effectively, and improve financial freedom and investment freedom.

IMPACT OF COVID-19: As of December 1, 2020, 2,517 deaths had been attributed to the pandemic in Greece, and the economy was forecast to contract by 9.5 percent for the year.

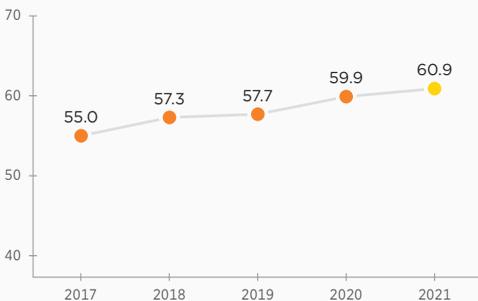


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -0.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.7 million

GDP (PPP):
\$323.7 billion
1.9% growth in 2019
5-year compound annual growth 0.9%
\$31,399 per capita

UNEMPLOYMENT:
17.2%

INFLATION (CPI):
0.5%

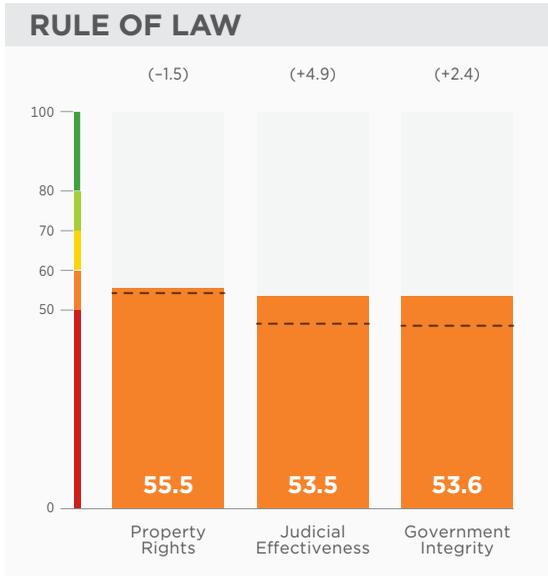
FDI INFLOW:
\$4.6 billion

PUBLIC DEBT:
179.2% of GDP

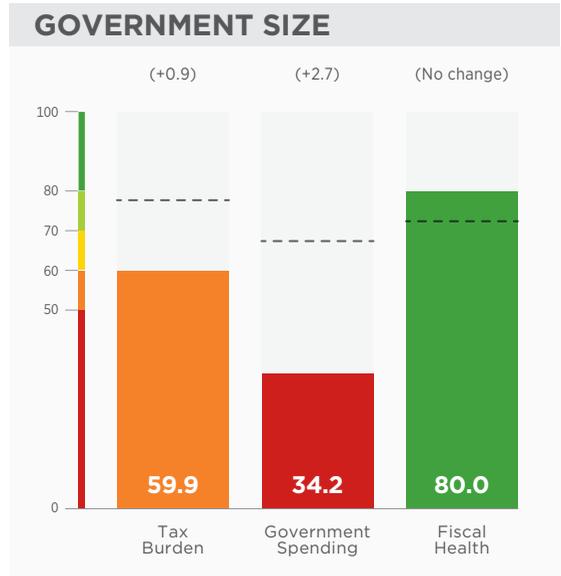
2019 data unless otherwise noted. Data compiled as of September 2020

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. 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. Tourism, which saw a precipitous drop in 2020, and shipping are Greece's most important industries. Unemployment and public debt remain high. Significant Chinese investment includes a controlling stake in the port of Piraeus. Disagreements with Turkey regarding overlapping claims to hydrocarbon resources in the Mediterranean remain potentially combustible.

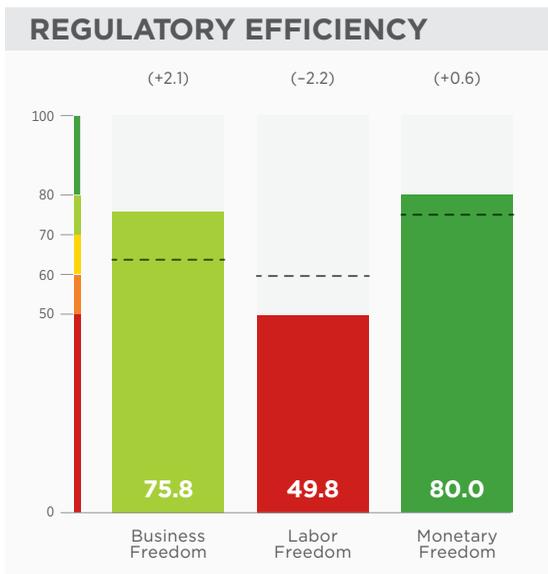
12 ECONOMIC FREEDOMS | GREECE



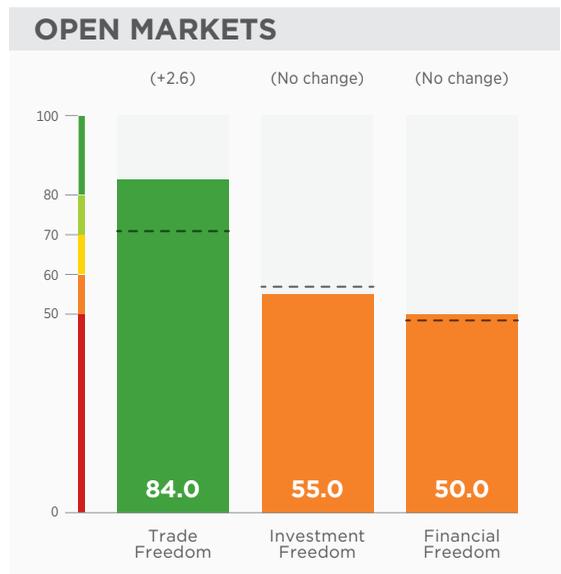
The law affords protection for property rights, but bureaucratic delays in the judicial system weaken enforcement. Implementation of an electronic land registry is behind schedule. Although independent, the judiciary is inefficient, slow, and understaffed. The vast majority of Greeks perceive high levels of corruption in the public sector and tax evasion in the private sector, and corruption in general is seen as the main obstacle to economic recovery.



The top individual income tax rate is 44 percent, and the top corporate tax rate is 24 percent. The overall tax burden equals 38.7 percent of total domestic income. Government spending has amounted to 46.8 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.8 percent of GDP. Public debt is equivalent to 179.2 percent of GDP.



Business freedom has improved. The time it takes to register a company with the commercial registry has been reduced, and the requirement to obtain a tax clearance has been abolished. However, both labor force participation and value added per worker have decreased. The government budget for 2020 included 1 percent of GDP for subsidies of all kinds.



As a member of the EU, Greece has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Foreign and domestic investors are generally treated equally, but bureaucratic barriers undermine investment. The financial system has regained stability, but the level of nonperforming loans in the banking sector remains high.