

Greek industrialists hit at delays in reforms

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By Kerin Hope in Athens

The chairman of the Greek industrialists' federation, representing the country's biggest private companies, has attacked the Socialist government for delaying structural reforms due to be implemented immediately after Greece joined the euro-zone last January.

Odysseus Kyriacopoulos, chairman, told a general assembly on Wednesday evening: "The government

has shown it cannot exploit creatively the historic opportunity presented by membership of the euro.

"The business environment in Greece is not very favourable, and companies face serious barriers to improving competitiveness."

Costas Simitis, the prime minister, who was attending the industrialists' gathering, appeared stung by the criticism. He said reforms were on track while Greek businesses were "now able to

stand on their own feet internationally".

The exchange highlighted the difficulties the Socialists face in achieving real convergence with Greece's euro-zone partners. The economy is projected to grow by 4.7 per cent this year, but the unemployment rate, at about 11 per cent, remains the second highest in the European Union.

In a report on regulatory reform published this week, the Paris-based Organisation for Economic Co-operation and Development urged Greece to speed privatisation and abolish regulations that discouraged job creation and foreign investment.

It said domestic policy-making frequently placed "a higher priority on protecting established interests than on supporting consumer needs and economic vitality".

The OECD said the public administration was partly responsible for slowing reform because of "an environment of non-compliance and cultural mistrust of market solutions".

Until recently Greece's business community has been unwilling to criticise the Socialists publicly. Companies are benefiting from reduced interest rates and the elimination of foreign exchange risk following Greece's arrival in the euro-zone. But businessmen say they are becoming impatient with the Socialists' reluctance to implement measures to boost competition, raise barriers to new market entrants and make the labour market more flexible.

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