

OECD ECONOMIC SURVEYS

ARGENTINA

ISSN 0376-6438, e-ISSN 1609-7513

March 2019

[Consulta en línea desde Intranet](#)

Executive summary	9
Key policy insights	15
Despite recent reforms, significant vulnerabilities have built up.....	17
A deep recession set in after a sudden reversal of capital flows.....	20
A recovery is expected to start as of 2019.....	26
Medium-term priorities for strengthening inclusive and sustainable growth.....	32
References.....	64
Thematic chapter	69
Chapter 1. Fostering the integration into the world economy	71
Argentina has not shared in the benefits of international trade.....	73
Import protection is high in international comparison.....	77
Lowering trade barriers can create jobs and boost growth.....	82
Trade policy options for fostering stronger integration into the global economy.....	96
Easing the transition: Policies to support the structural transformation.....	103
References.....	121
Annex 1.A.....	129
Annex 1.A1. Analysis of industry level effects of trade protection.....	129
Annex 1.A2. The firm level analysis.....	131
Annex 1.A3. The consumption side analysis.....	133
Annex 1.A4. The FDI regressions.....	133
Annex 1.A5. The OECD METRO model.....	134

Tables

Table 1. Macroeconomic indicators.....	28
Table 2. The structure of exports and imports.....	28
Table 3. Potential major vulnerabilities.....	32
Table 4. Expected gains from past and new structural reform are substantial.....	37
Table 5. The Composition of public revenues and expenditures.....	39
Table 6. Financial assessment of fiscal recommendations.....	46
Table 7. Past OECD recommendations on macroeconomic policies.....	47
Table 8. Past OECD recommendations on inclusive growth.....	54
Table 1.1. The structure of exports and imports.....	76
Table 1.2. Unilateral tariff decreases would boost production in agricultural and some manufacturing industries.....	91
Table 1.3. Pharmaceuticals and medical devices from Argentina have difficulties to enter the US market due to certification issues.....	101

Table 1.4. Some food products from Argentina have difficulties to enter the EU markets due to non-compliance with EU product standards.....	101
Table 1.5. Retraining needs are mostly limited to task-specific skills	108

Figures

Figure 1. Argentina has lost ground relative to other economies.....	15
Figure 2. Fiscal policy adjusted only gradually.....	18
Figure 3. High interest rates attracted portfolio inflows.....	18
Figure 4. Capital inflows implied real appreciation and short-term vulnerabilities	19
Figure 5. Fiscal and external imbalances have widened	19
Figure 6. Inflation has spiked as targets have moved.....	20
Figure 7. Short-term indicators have deteriorated	21
Figure 8. Fiscal consolidation has been frontloaded	23
Figure 9. Gross public debt is stabilising under several scenarios	24
Figure 10. Currency reserves are low in international comparison	26
Figure 11. Labour market conditions have deteriorated.....	27
Figure 12. Exchange rate depreciation and core inflation are visibly correlated	29
Figure 13. External debt has risen	30
Figure 14. Main trading partners	31
Figure 15. Financial market indicators.....	32
Figure 16. Growth has been volatile.....	33
Figure 17. Inequalities exist in several dimensions.....	34
Figure 18. Poverty has declined and is lower than in other emerging economies.....	35
Figure 19. Well-being indicators.....	36
Figure 20. Public payroll expenditures are high.....	40
Figure 21. Social expenditures are rising while subsidies have declined.....	41
Figure 22. Transfers and taxes alleviate inequalities.....	42
Figure 23. Few people pay personal income tax	44
Figure 24. VAT revenues could be higher with stronger compliance and less use of reduced rates	45
Figure 25. Learning outcomes reflect quality shortcomings and inequalities	48
Figure 26. Education expenditures are high	49
Figure 27. Educational attainments compare well in secondary, but not in tertiary.....	49
Figure 28. Few students follow technical courses and careers	50
Figure 29. Labour market training policies could be expanded	51
Figure 30. Labour market regulations are relatively rigid.....	53
Figure 31. Perceived levels of corruption remain high	55
Figure 32. There is room to reduce the restrictiveness of product market regulations.....	56
Figure 33. Product market regulations could allow more room for competition	57
Figure 34. Tariff barriers are high	58
Figure 35. The financial sector is less developed than in other countries	59
Figure 36. Gross domestic saving is low.....	60
Figure 37. Greenhouse gas emissions are declining, except for energy.....	60
Figure 38. Native forest cover loss has slowed down but remains substantial.....	61
Figure 39. Green growth indicators.....	63
Figure 1.1. Exposure to trade is low.....	72
Figure 1.2. Export performance has declined.....	73
Figure 1.3. Argentina's' integration into global value chains is low.....	74
Figure 1.4. Argentina has remained on the sidelines of global value chains.....	75
Figure 1.5. Export diversification has fallen	76

Figure 1.6. Argentina's main trading partners.....	77
Figure 1.7. Tariff protection is high, especially for capital goods and intermediate inputs	78
Figure 1.8. Many industries are protected through high import tariffs	79
Figure 1.9. Non-automatic import licenses are required in many industries	80
Figure 1.10. Domestic producers play a dominant role in many tradable sectors.....	80
Figure 1.11. Prices are high in international comparison	81
Figure 1.12. Potential consumer benefits from lower trade barriers are progressive	82
Figure 1.13. Firms use few imported intermediate inputs.....	84
Figure 1.14. Reducing input tariffs boosts economic activity and exports	85
Figure 1.15. The use of imported inputs varies across sectors	86
Figure 1.16. Decreasing output tariffs boosts productivity, but can reduce employment in a few sectors.....	87
Figure 1.17. Productivity is low in sectors with high trade protection.....	88
Figure 1.18. Protected sectors have dispersed productivity and low allocative efficiency	89
Figure 1.19. Argentina has high potential in many products.....	92
Figure 1.20. Argentina attracts little foreign direct investment.....	93
Figure 1.21. Stock of foreign direct investment by sector in 2017 (in Million USD).....	95
Figure 1.22. Argentina's services exports face high barriers in its main current and potential export markets	97
Figure 1.23. The real devaluation has increased competitiveness.....	98
Figure 1.24. Argentina's products face issues with product standard regulations in its main export markets	100
Figure 1.25. Trade facilitation can be improved	102
Figure 1.26. Spending on active labour market policies is below the OECD average.....	106
Figure 1.27. Firms face difficulties finding the skills they need	109
Figure 1.28. Few students follow technical courses and careers.....	110
Figure 1.29. There is room to reduce the restrictiveness of product market regulations.....	112
Figure 1.30. Product market regulations could allow more room for competition	113
Figure 1.31. Local competition is low.....	114
Figure 1.32. There are few young firms in Argentina.....	115
Figure 1.33. Public R&D investments by objective, 2015	117
Figure 1.34. Business innovation is low.....	118

Boxes

Box 1. A glance at Argentina's economic history.....	16
Box 2. Argentina's IMF programme	22
Box 3. Recent and ongoing reform initiatives.....	38
Box 1.1. A brief description of the industry-level analysis	84
Box 1.2. A brief description of the firm-level analysis	88
Box 1.3. Product standards and their enforcement might pose significant barriers to Argentina's exports to advanced economies	100
Box 1.4. Successful examples of policies to complement the structural transformation	104
Box 1.5. Re-skilling trade-displaced workers	107
Box 1.6. Recommendations to foster integration into the world economy	120

OECD ECONOMIC SURVEYS

ITALY

ISSN 0376-6438, e-ISSN 1609-7513

April 2019

[Consulta en línea desde Intranet](#)

Executive summary	11
Key policy insights	17
Growth has stalled amid persistent economic and social challenges	18
Growth has stalled.....	22
Expansionary fiscal policy and low growth increase the risks from high public debt	25
Growth will remain weak in the next two years.....	31
Banks' health has improved but is exposed to risks around the public finances	33
Improving well-being and boosting growth requires credible fiscal policies and ambitious structural reforms.....	38
High government debt is a source of risks and limits fiscal policy choices	38
Structural reforms are needed to strengthen social inclusion and boost growth	40
Protecting the environment	50
Boosting job creation	53
Enhancing entrepreneurship and helping small and innovative firms to grow	58
Improving the quality of public investment and infrastructure management.....	63
Improving the tax system	71
References	75
Annex. Progress in structural reform	83
Chapter 1. Tackling Italy's social and regional divide	91
Italy's large disparities in income and well-being follow regional lines	91
Italy's tax and benefit system can do more to support employment and to lower poverty	100
Italy's tax and benefit system discourages work.....	101
Reforming social policies to support inclusiveness, productivity and growth.....	131
Making regional development policy more effective to boost economic dynamism	137
Policies have failed to narrow the long-standing and large regional divide.....	138
Local public administrations are key to effective regional policies	144
Funding sub-national governments according to needs and capacity	150
References	154

Tables

Table 1. Assumptions of 2019 budget debt sustainability scenarios [table edits not tracked]	28
Table 2. Macroeconomic indicators and projections.....	32
Table 3. Low probability events that could lead to major changes in the outlook	32
Table 4. Effects of reforms on real GDP growth.....	46
Table 5. Assumptions of recommended reform package debt sustainability scenarios	48

Table 6. Illustrative fiscal impact of recommended reform package	49
Table 7. The doing and undoing of labour market reform in Italy	54
Table 8. The ten key infrastructure governance challenges and policy options	65
Table 9. Example of digital technologies to fight sales suppression.....	74
Table 1.1. Recent measures to reduce Italy's high labour income tax wedge.....	104
Table 1.2. Selected tax credits and allowances in Italy, 2018	105
Table 1.3. Italy's expanding guaranteed minimum income programmes	115
Table 1.4. The rent and mortgage allowances raise the Citizen's Income above some poverty lines. 118	
Table 1.5. The Citizen's Income transfers penalises large households	118
Table 1.6. Effects of tax and benefit policy reforms on poverty, inequality, public expenditure, and work incentives.....	125
Table 1.7. Hypothetical flatter-personal income tax scenario	127
Table 1.8. A recommended tax and benefit reform package introducing low-wage in-work benefits, a guaranteed minimum income scheme, and simpler personal income tax system.....	129
Table 1.9. In important areas metropolitan bodies' responsibilities overlap with those of regions and municipalities.....	148
Table 1.10. Area of responsibilities of sub-national governments and share of spending	151

Figures

Figure 1. Italy's economic recovery has been weak.....	17
Figure 2. Italy's GDP per capita is at the same level of 20 years ago	18
Figure 3. Poverty rates rose during the crisis and remain high, especially for the young ¹	19
Figure 4. Regional disparities in GDP per capita, poverty and employment are large and increasing . 20	
Figure 5. Italy's wellbeing continues to lag peers in many dimensions	21
Figure 6. Italy's regional dispersion in well-being is high	22
Figure 7. The recovery has weakened as export and private consumption growth have abated.....	23
Figure 8. Relative unit labour costs and price competitiveness are flat	24
Figure 9. Unemployment has fallen but remains high, especially for the young	24
Figure 10. Aggregate productivity ¹ has not increased for many years	25
Figure 11. Private investment is rising whereas public investment has fallen to record low levels.....	26
Figure 12. Fiscal policy will turn expansionary and the debt ratio will barely decline	27
Figure 13. Under current policies the debt to GDP ratio will remain high and vulnerable to risks	27
Figure 14. Banks' non-performing loans to non-financial corporations have declined	34
Figure 15. Banks' health has improved but risks remain	36
Figure 16. Italian banks have acted as countercyclical investors in Italian sovereign bonds.....	37
Figure 17. The ownership of government debt securities has changed significantly	39
Figure 18. Reforms in the past 5 years have focused on labour issues	41
Figure 19. Indicators of perception of corruption.....	45
Figure 20. Reforms to raise participation and improve the business climate would lift Italy's growth prospects.....	46
Figure 21. The recommended reform package would help to offset the growth effects of ageing and the decline in the working age population.....	47
Figure 22. The recommended reform package would improve debt sustainability	48
Figure 23. Green growth indicators for Italy.....	52
Figure 24. The temporary cut in social security contributions temporarily boosted job creation through permanent contracts	53
Figure 25. Italy's public employment services are under-resourced.....	55
Figure 26. Small firms employ most workers but their productivity is low	60
Figure 27. Venture capital is little used to finance Italy's SMEs and entrepreneurs.....	61

Figure 28. The perceived quality of infrastructure is low	63
Figure 29. Scheme of infrastructure strategic planning in Italy	66
Figure 30. Italy performs well in international trade logistics.....	67
Figure 31. Sub-national governments have contributed to the fall in public investment	70
Figure 32. The stock of sub-national government debts has declined.....	70
Figure 33. Italy's tax authority spends less on IT systems than other countries' agencies	73
Figure 1.1. Disparities among regions are high across many well-being dimensions in Italy	92
Figure 1.2. Regional disparities follow the north-south divide	93
Figure 1.3. Deprivation rates in Italy's poorest regions are among the highest among EU OECD members	93
Figure 1.4. Regional disparities in GDP per capita are large and persistent	94
Figure 1.5. Dispersion among regions in well-being is wider than for income alone	95
Figure 1.6. Differences in employment rates across regions are high in Italy, especially among women	96
Figure 1.7. In Italy, differences in employment rates among regions explain more of the regional differences in income	96
Figure 1.8. Average wages in southern regions are around the bottom third of the national wage distribution.....	97
Figure 1.9. Informal work is more common in low-income regions.....	97
Figure 1.10. Poverty is more common in Italy's South, particularly among families with children.....	98
Figure 1.11. A high and rising share of Italian workers is at risk of poverty	98
Figure 1.12. The OECD Framework for Policy Action on Inclusive Growth.....	99
Figure 1.13. Inequality and poverty are comparatively high.....	100
Figure 1.14. Members of couples and especially women are less likely to work in Italy than in other European countries	101
Figure 1.15. Employment rates vary greatly with education levels and across regions	102
Figure 1.16. Italy's employer social security contributions and on personal income tax revenues are higher than most OECD countries, and create a wide labour income tax wedge.....	103
Figure 1.17. Italy's statutory marginal tax rates are higher than most OECD countries	104
Figure 1.18. Taxes and benefits support low income couples and households with children	105
Figure 1.19. Effective marginal tax rates are high at low wages, which are more common in lagging regions	106
Figure 1.20. Italy's high spending on pensions reduces space for other social protection programmes	108
Figure 1.21. A small share of transfers benefits Italy's poorest households	109
Figure 1.22. Poorer regions have lower social spending and less capacity	109
Figure 1.23. Italy's REI provided relatively modest transfers, while the Citizen's Income is relatively generous for smaller households	114
Figure 1.24. Many low-income households live in housing rented at market rates	119
Figure 1.25. The Citizen's Income benefits poorer households, flatter tax rates benefit higher incomes, while a comprehensive reform would support low and middle income households....	120
Figure 1.26. The proposed Citizen's Income raises many poor households' incomes but lowers incentives to work, while a guaranteed minimum income with in-work benefits would strengthen incentives	121
Figure 1.27. The Citizen's Income leads to high participation tax rates at low incomes	122
Figure 1.28. Targeted income support is likely to particularly benefit residents of southern regions	123
Figure 1.29. Living costs are lower for low-income households in southern and rural areas	124
Figure 1.30. Households headed by the unemployed, sick or disabled and students particularly benefit from guaranteed minimum income policies	124
Figure 1.31. By encouraging employment, the recommended reform package would lift activity	131

Figure 1.32. Italy’s public employment services help few jobseekers find work	132
Figure 1.33. Participation in adult learning still lags other OECD countries	133
Figure 1.34. Adult participation in education and training tend to be low in southern regions	134
Figure 1.35. Non-standard employment rates are high in Italy, especially in lagging regions	136
Figure 1.36. Childcare places are scarce in regions that are poorer and where fewer women work...	137
Figure 1.37. Incomes in southern regions converged with the rest of Italy only in the 1950s and 1960s	138
Figure 1.38. Italy’s absorption of EU funds is low	140
Figure 1.39. Southern regions lag in commitments and payments of EU funds	140
Figure 1.40. Higher efficiency of municipalities is associated with higher productivity	145
Figure 1.41. Metropolitan areas and labour productivity in Europe.....	147
Figure 1.42. Densities of metropolitan areas.....	147
Figure 1.43. Administration of Italy’s metropolitan areas is somewhat fragmented	148
Figure 1.44. Responsibilities of regional governments are large in some areas.....	152

Boxes

Box 1. 2019 budget: main measures.....	28
Box 2. Italy’s Digital Transformation Team	47
Box 3. Quantifying the fiscal impact of structural reforms	49
Box 4. The 2016 reform of the Italian port system	68
Box 5. Examples of using digital technologies to fight tax evasion.....	74
Box 1.1. Applying the OECD’s <i>Framework for Policy Action on Inclusive Growth</i> to Italy’s social and regional disparities.....	99
Box 1.2. Whether personal income tax rates are assessed at the individual or the household level affects work incentives for second earners.....	107
Box 1.3. Universal basic incomes in the OECD.....	112
Box 1.4. Means-testing welfare benefits: Italy’s Equivalent Economic Situation Indicator.....	116
Box 1.5. Low-income in-work benefits: making work pay.....	130
Box 1.6. Adult learning in Italy.....	135
Box 1.7. A brief history of “Mezzogiorno” policies	141
Box 1.8. Italian regional development policies after the Extraordinary Intervention for the South ...	143
Box 1.9. Use of European funds in Wales.....	144
Box 1.10. Effective governance reform for metropolitan areas	149
Box 1.11. The birth of metropolitan bodies in Italy	149
Box 1.12. Fiscal federalism in Italy.....	150

OECD ECONOMIC SURVEYS

SWEDEN

ISSN 0376-6438, e-ISSN 1609-7513

March 2019

[Consulta en línea desde Intranet](#)

EXECUTIVE SUMMARY	8
Key policy insights.....	13
The economy is growing steadily	14
The economic expansion has peaked	18
Poverty recedes but capital income outpaces wages, raising income inequality.....	20
Sweden's investments in technology lift productivity and competitiveness	22
Strong output and employment growth underpins well-being	24
Corruption is low but further progress on foreign bribery is needed	25
Innovation and policy incentives foster green growth	27
Macroeconomic stimulus should be withdrawn.....	30
Monetary policy needs to be tightened gradually	30
Stronger supply and macroprudential measures have cooled the housing market	32
Promoting further green finance would reinforce financial stability	34
Fiscal policy has supported the recovery but is appropriately turning less expansionary.....	37
Structural reforms would enhance productivity and well-being.....	41
The housing market remains unbalanced	41
There is scope for productivity gains in some sectors.....	43
Employment is high but some still struggle.....	45
The workforce is highly skilled but policies need to look forward.....	47
School results and equity need strengthening	49
Investment in lifelong learning can foster inclusive growth	54
Bibliography	55
Annex Progress in structural reforms	61
1. Improving school results and equity in compulsory education	65
Demographic pressures on public services differ between cities and countryside	67
Declining quality and equity in schools challenge Sweden's growth model.....	71
Results have fallen in primary and secondary education	72
Pupils' performance depends on who their parents are.....	73
Reasons for falling performance are complex, but likely linked to 1990s reforms	76
Decentralisation and competition reforms rested on shaky foundations.....	79
Reforms to take back control helped, but also created new issues.....	80
A reform consensus is taking shape, but some issues remain contentious.....	81
A coherent reform programme should address governance, choice and teachers	83
Rebuilding institutions for central coordination.....	83
Steering competition and choice	90
Improving teacher education and the attractiveness of the profession.....	97
Bibliography	103

Tables

Table 1. Macroeconomic indicators and projections.....	19
Table 2. Shocks which would affect economic performance.....	20
Table 3. Past recommendations on income inequality and action taken.....	22
Table 4. Past recommendations on environmental policy and action taken.....	28
Table 5. Past recommendations on monetary policy and action taken.....	31
Table 6. Past recommendations on macroprudential policy and action taken.....	37
Table 7. Past recommendations on fiscal policy and action taken.....	41
Table 8. Past recommendations on housing policy and action taken.....	42
Table 9. Past recommendations on business regulations and action taken.....	45
Table 10. Past recommendations on labour market policy and action taken.....	47
Table 11. Past recommendations on education and action taken.....	55

Figures

Figure 1. Output growth is robust and broad-based.....	14
Figure 2. The economy is operating close to full capacity.....	15
Figure 3. The employment rate is among the highest in the OECD.....	16
Figure 4. Unemployment has declined.....	16
Figure 5. Exports of goods by commodity and market.....	20
Figure 6. Poverty is extremely low.....	21
Figure 7. Income inequality is increasing but relative poverty is contained.....	22
Figure 8. Sweden invests heavily in R&D.....	23
Figure 9. The level of productivity is close to the average of top OECD countries.....	23
Figure 10. Labour productivity has been growing faster than in most other countries.....	24
Figure 11. Export performance remains solid but the current account surplus has steadily narrowed.....	24
Figure 12. How's life in Sweden?.....	26
Figure 13. Perceived corruption is low.....	27
Figure 14. Sweden scores well on environmental indicators.....	29
Figure 15. Monetary policy remains very expansionary.....	30
Figure 16. The housing market has cooled, but prices remain high.....	34
Figure 17. The banking system is solid but with some weaknesses.....	35
Figure 18. Government debt is low.....	37
Figure 19. Government surpluses largely reflect the strength of the economy.....	38
Figure 20. The dependency ratio is rising markedly.....	40
Figure 21. Long-term ageing-related cost pressure is moderate.....	41
Figure 22. Product market regulations are lean.....	44
Figure 23. Construction costs are high.....	45
Figure 24. Labour market mismatch is increasing.....	46
Figure 25. Numbers of registered unemployed remain high in vulnerable groups.....	47
Figure 26. A large share of the adult population has strong skills in problem solving.....	48
Figure 27. Many jobs are at least partially at risk of automation.....	48
Figure 28. Nearly one adult in five lacks some foundation skills.....	49
Figure 29. School segregation leads to diverging school results.....	50
Figure 30. Schools with weak socio-economic backgrounds struggle to attract teachers.....	52
Figure 31. Private schools' over-performance reflects pupil selection.....	53
Figure 32. The teacher profession is unattractive.....	54
Figure 33. The low-skilled receive less training than others.....	55

Figure 1.1. More young and old put pressure on public services	68
Figure 1.2. Sweden faces teacher shortages, notably in rural areas	70
Figure 1.3. A sizeable share of Sweden's teachers are over fifty	71
Figure 1.4. Young adults do not catch up from low PISA scores	72
Figure 1.5. A rapid decline in school results may have bottomed out.....	73
Figure 1.6. School segregation leads to diverging school results.....	74
Figure 1.7. Peer effects are stronger for children with weaker socio-economic backgrounds	75
Figure 1.8. School results are more polarised in Stockholm and Malmö	76
Figure 1.9. Geographical result differences largely reflect socio-economic backgrounds.....	76
Figure 1.10. Adult skills are highest among cohorts graduating from compulsory school around the time of the 1990s reforms	77
Figure 1.11. Drivers of school performance in Sweden	78
Figure 1.12. Higher spending on education does not necessarily improve results	84
Figure 1.13. Schools with weak socio-economic backgrounds lack materials and teachers	85
Figure 1.14. Most decisions are taken at school or municipal level	88
Figure 1.15. The scale of publicly funded for-profit schools is unique in Sweden	91
Figure 1.16. A rising share of pupils attend publicly-funded private schools	92
Figure 1.17. Private schools' over-performance reflects pupil selection	94
Figure 1.18. PISA results in reading	95
Figure 1.19. The teacher profession is unattractive.....	98
Figure 1.20. Few Swedish teachers have a mentor.....	100
Figure 1.21. Teacher appraisals and peer-to-peer learning are patchy	100
Figure 1.22. Experienced teachers avoid challenging schools	101

Boxes

Box 1. The new government's programme	17
Box 2. Moving towards a cashless society: potential policy implications	31
Box 3. Promoting green finance	35
Box 4. The new fiscal policy framework	38
Box 5. Reforming housing policy	42
Box 1.1. Organisation of primary and secondary education in Sweden.....	69
Box 1.2. Drivers of school performance in a panel regression set-up.....	78
Box 1.3. Recommendations of the Swedish School Commission.....	82
Box 1.4. Essunga municipality: school failure was turned into success in three years	89
Box 1.5. Competition and school choice in the Netherlands.....	94