



HELLENIC
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Opinion on the Draft Budgetary Plan 2027

October 2026



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Athens, 14 October 2026

Opinion on the Draft Budgetary Plan 2027

The Hellenic Fiscal Council (HFISC) constituted as an independent fiscal authority under the law 4270/2014, as amended by the law 5217/2025 and currently in force. HFISC submits its opinion on macroeconomic and budgetary forecasts and assumptions underpinning the Draft Budgetary Plan 2027 (DBP 2027), monitoring compliance with country-specific numerical fiscal rules as stipulated in Regulation 473/2013 (art. 6 par. 3f) of the European Parliament and the Council of the European Union (EU).

This assessment takes into account the following:

- (a) The macroeconomic scenario and budgetary forecasts as communicated to the HFISC by the Ministry of Economy and Finance (MinFin) on September 21 and October 1, 2026 respectively, and the technical dialogue between experts from MinFin and HFISC.
- (b) The most recent macroeconomic and budgetary data for the Greek economy, published by the Hellenic Statistical Authority (ELSTAT), that cover developments up to the first half of the year.¹
- (c) The Annual Progress Report 2026 (APR 2026) projections as well as those of the State Budget 2026 (SB 2026), Multiannual Fiscal Planning 2026-2029 and of the Medium Term Fiscal-Structural Plan 2025-2028 (MTP 2025-2028).^{2,3,4,5}
- (d) The European Commission's Spring Forecasts 2026, and the forecasts of other international and national organizations regarding the performance of the main macroeconomic indicators of the Greek economy.⁶
- (e) The GDP forecasts based on the econometric models of the HFISC.

Macroeconomic forecasts

HFISC projects real GDP growth of 1.9% this year, driven primarily by robust investment activity supported by EU-funded programs, alongside sustained private consumption growth, underpinned by favorable employment developments and rising disposable income (see Figure 1). The Greek economy

¹ ELSTAT, press releases, [Quarterly National Accounts, 2nd Quarter 2026, 7/9/2026](#) and [Quarterly Non-Financial Accounts of General Government, 1st Quarter 2026, 20/07/2026](#)

² [Annual Progress Report 2026, Greece](#)

³ [State Budget 2026 \(in Greek\) – Ministry of Economy and Finance](#)

⁴ [Multiannual Fiscal Planning 2026-2029 \(in Greek\)](#)

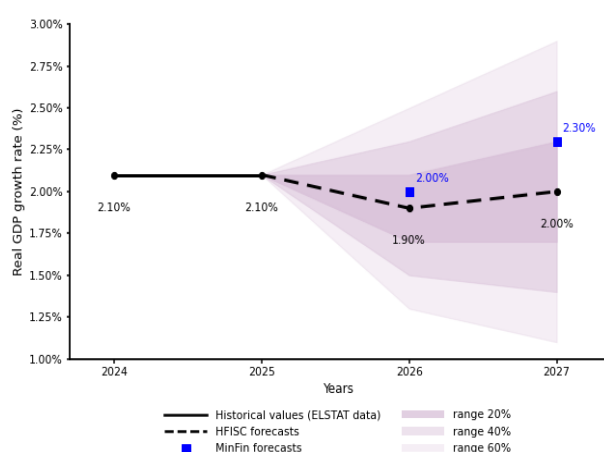
⁵ [Medium Term Fiscal-Structural Plan 2025-2028, Greece](#)

⁶ [European Commission, Spring forecasts 2026](#)

recorded a year-on-year GDP growth rate of 1.9% in the first half of 2026, despite heightened inflationary pressures and uncertainty in the global economic environment. Growth momentum over the remainder of the year is expected to be supported by the continued implementation of investment projects under the Recovery and Resilience Facility (RRF), increased public investment and sustained domestic demand.

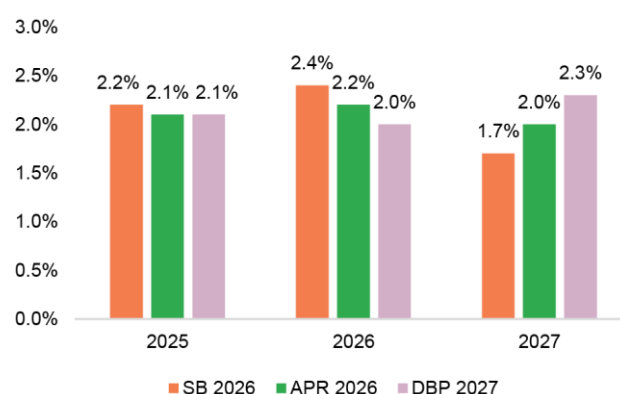
The macroeconomic projections of the MinFin, underpinning the Draft Budgetary Plan 2027 (DBP 2027), envisage a real GDP growth rate of 2.0% in 2026, broadly in line with HFISC's forecast. It is worth noting that HFISC's forecast remains unchanged from its semi-annual report (1.9%, July 2026), whereas the MinFin has revised its growth forecast for 2026 downwards, reflecting a more cautious assessment amid external uncertainties and inflationary pressures (see Figure 2). This downward revision mainly reflects heightened uncertainty surrounding the potential effects of ongoing geopolitical tensions and the slowdown in economic activity in the euro area, which could adversely affect Greek exports and the broader economy, as well as weaker-than-expected GDP growth in the first half of 2026 (1.9% y-o-y). Nevertheless, the Greek economy is expected to maintain a growth rate well above the euro area average, according to the EC's Spring Forecasts 2026. Euro area GDP growth rate is projected at 0.9% in 2026, while year-on-year growth in the first half of the year was slightly higher, at 1.2%.

Figure 1: 2026 & 2027, HFISC real GDP growth rate forecasts



Source: Econometric forecasting models of HFISC.

Figure 2: 2025–2027, real GDP growth rate projections, MinFin



Sources: Ministry of Economy and Finance (MinFin): 1. State Budget 2026 (SB, November 2025), 2. Annual Progress Report 2026 (APR, April 2026), 3. Draft Budgetary Plan 2027 (DBP, October 2026), HFISC data processing.

For 2027, HFISC projects a real GDP growth rate of around 2.0%, compared with the 2.3% forecast in the DBP 2027, which falls within HFISC's range of estimates (see Figure 1). The DBP 2027 growth projection has been revised upwards relative to both the State Budget 2026 (November 2025) and the Annual Progress Report 2026 (April 2026; see Figure 2), primarily reflecting a more favorable outlook for investment activity in conjunction with a positive contribution from private consumption. Sustained high investment growth following the completion of the RRF in 2026 could be supported by the lagged effects of RRF funding, particularly through the continued disbursement of approved loans and implementation of the associated investment projects, as well as increased funding under the Public Investment Development Program (PIDP) and a gradual rise in the contribution of private investment. However, HFISC places greater weight on downside risks to the economic outlook, particularly those associated with the global economic environment and uncertainty surrounding the strength of

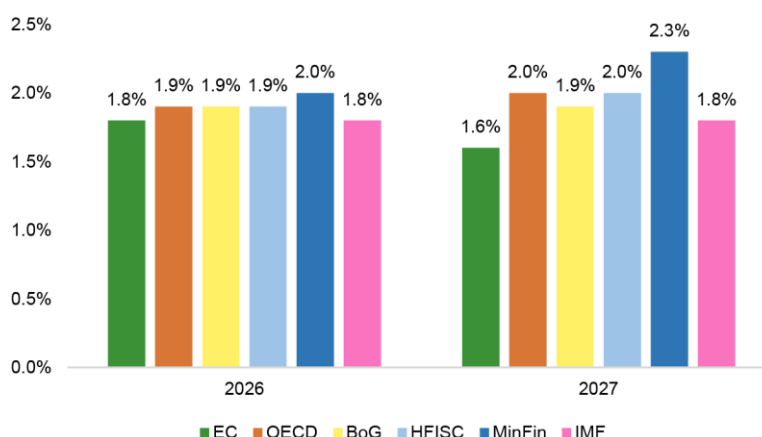
investment activity following the completion of the RRF. These considerations are reflected in its more moderate growth projection for 2027.

The growth outlook presented in the DBP 2027 is also supported by projections from international and domestic institutions, which point to continued positive growth in the Greek economy over 2026–2027, albeit with some differences in the expected pace of expansion (see Figure 3). For 2026, forecasts are broadly aligned, with the Bank of Greece (BoG, June 2026) and the Organization for Economic Co-operation and Development (OECD, June 2026) both projecting growth of 1.9%, while the European Commission (EC, May 2026) and the International Monetary Fund (IMF, October 2026) forecast growth of 1.8%, highlighting broader fiscal challenges across Europe and heightened uncertainty surrounding geopolitical and economic stability.

For 2027, GDP growth projections exhibit greater dispersion, reflecting differences in the assessment of prevailing uncertainties and in the timing of the forecasts, as more recent data may lead to revisions. Specifically, EC (May 2026) projects GDP growth of 1.6%, the BoG (June 2026) 1.9% and the OECD (June 2026) 2.0%, while IMF (October 2026), in the most recent of these forecasts, projects growth rate of 1.8%. MinFin growth projection of 2.3% exceeds those of the other institutions, reflecting, among other factors, more favorable assumptions regarding the evolution of investment activity.

Overall, the projections of the various institutions point to the resilience of the Greek economy, with growth expected to remain above the euro area average, although the outlook for 2026 is somewhat more subdued than earlier, more optimistic estimates. A positive growth outlook is also envisaged for 2027, albeit against a backdrop of heightened geopolitical tensions, fluctuations in global markets and broader fiscal challenges at the European level.

Figure 3: 2026 & 2027, comparison of real GDP growth rate projections (y-o-y)



Sources: 1. EC, European Economic Forecast (May 2026), 2. OECD, Economic Outlook, Vol. 2026/1, No 119 (June 2026), 3. BoG, Monetary Policy Report 2025-2026 (June 2026), 4. HFISC (October 2026), 5. MinFin (October 2026), 6. IMF, World Economic Outlook (October 2026), HFISC data processing.

According to the macroeconomic scenario underpinning the DBP 2027, economic growth in 2026 and 2027 is expected to be driven mainly by higher investment and sustained private consumption growth, while public consumption is also projected to make a positive contribution. Investment activity in 2026 is supported by the completion of RRF implementation and increased public investment. In 2027, the lagged effects of RRF-related investment projects, increased funding under the PIDP and a greater contribution from private investment are expected to play an important role. At the same time, private consumption is supported by rising disposable income, favorable labor market conditions and the announced fiscal policy measures.

More specifically, private consumption is expected to maintain its upward trend, with projected growth rates of 1.4% in 2026 and 1.5% in 2027, despite a relatively modest year-on-year increase of 0.9% in the first half of 2026 (see Table 1). Meanwhile, public consumption increased significantly by 2.4% year-on-year in the first half of 2026 and is projected to rise by 1.1% for 2026 as a whole and by 1.4% in 2027, mainly reflecting fiscal policy initiatives already announced.

Investment developments are particularly important for achieving the projected growth rate. Gross fixed capital formation increased significantly, by 9.0% year-on-year in the first half of 2026, while the DBP projects growth of 7.7% for 2026 as a whole and 7.9% in 2027 (see Table 1). The strong investment performance recorded in the first half of 2026 is broadly consistent with earlier expectations of robust investment growth for the year. This also provides a favorable starting point for the following year, partly through a positive carry-over effect. Investment activity could also benefit from the lagged effects of RRF funding, particularly through the continued implementation of investment projects associated with its loan component. Additional support is expected from increased funding under the PIDP and a gradual shift in investment activity towards the private sector.

However, the projected increase in gross fixed capital formation of 7.9% in 2027 is considerably higher than the corresponding forecasts of other institutions and represents a key distinguishing feature of the DBP 2027 macroeconomic scenario. Specifically, the European Commission and the OECD project significantly lower investment growth of 1.3% and 3.2%, respectively, for 2027. Nevertheless, these forecasts were prepared earlier and therefore do not incorporate the latest available data, which indicate stronger investment activity in the first half of 2026. IMF latest projections (October 2026) indicate a modest increase in gross fixed capital formation as a share of GDP, from 17.9% in 2026 to 18.1% in 2027, suggesting a broadly stable investment outlook with a slight upward trend. Furthermore, the ECB's recent increase in key interest rates by 25 basis points, together with the possibility of further monetary policy tightening, could weigh on investment activity through higher financing costs. Consequently, investment developments remain one of the main sources of uncertainty surrounding the achievement of the DBP's projected GDP growth rate of 2.3% in 2027.

The current account deficit is expected to widen in 2026, mainly due to higher fuel prices and increased imports of capital goods. In particular, the balance of goods and services, which is a major determinant of current account developments, is projected to deteriorate in 2026, as import growth (4.4%) is expected to outpace export growth (2.9%). This reflects, among other factors, stronger import demand associated with robust investment activity. In 2027, faster export growth and more moderate import growth are expected to alleviate these pressures. Nevertheless, the current account deficit remains a significant structural challenge for the Greek economy.

Table 1: Key macroeconomic indicators forecasts (% change y-o-y, constant 2020 prices)

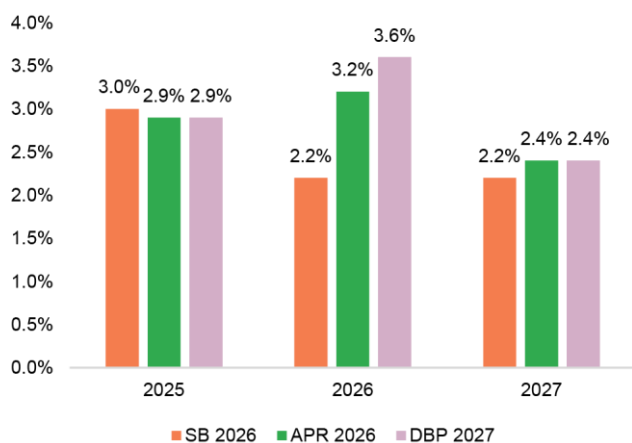
	ELSTAT		DBP 2027	
	2025	1 st Semester 2026	2026	2027
GDP	2.1%	1.9%	2.0%	2.3%
Private Consumption	2.0%	0.9%	1.4%	1.5%
Public Consumption	0.3%	2.4%	1.1%	1.4%
Gross Fixed Capital Formation	8.9%	9.0%	7.7%	7.9%
Exports of Goods & Services	1.7%	2.4%	2.9%	3.1%
Imports of Goods & Services	-1.3%	3.0%	4.4%	4.0%

Sources: MinFin, ELSTAT and HFISC calculations.

A key assumption underpinning the DBP 2027 projections is a gradual decline in inflation towards the ECB's medium-term target of 2.0%. According to the DBP 2027, inflation, measured by the Harmonized Index of Consumer Prices (HICP), is projected at 3.6% in 2026 (see Figure 4). More specifically, the latest ELSTAT data indicate that average inflation stood at 3.6% during the first eight months of 2026, compared with 3.2% over the corresponding period of 2025. Over the past two years, inflation in Greece has remained elevated, averaging approximately 3.2%, without exhibiting a clear downward trend towards the ECB's 2% target. Nevertheless, inflation is projected to decline to 2.4% in 2027, with the restrictive stance of monetary policy contributing to an easing of inflationary pressures.

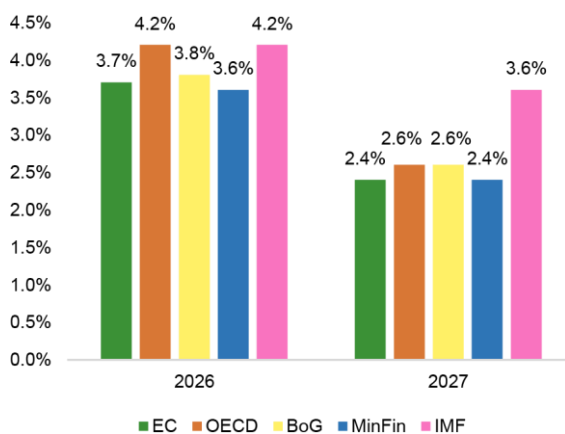
The DBP 2027 inflation projections are broadly consistent with those of international and domestic institutions for 2026, which range from 3.7% to 4.2%. For 2027, however, forecasts exhibit greater divergence, ranging from 2.4% to 3.6%, with the IMF's most recent forecast pointing to more persistent inflationary pressures (see Figure 5). At the same time, the Greek economy continues to experience stronger inflationary pressures than the euro area average. According to the EC's Spring Forecast 2026 forecasts, inflation in Greece is projected at 3.7% in 2026 and 2.4% in 2027, compared with euro area averages of 3.0% and 2.3%, respectively. A significant contributing factor is the sharp increase in energy prices, which rose by an average of 10.6% year-on-year in Greece during the first eight months of 2026, compared with 6.6% in the euro area. Persistently elevated energy prices could intensify inflationary pressures through the pass-through of higher production costs to the prices of other goods and services, thereby slowing the pace of disinflation. Addressing the risk of persistently higher inflation in Greece relative to its European partners therefore remains an important challenge.

Figure 4: 2025-2027, Inflation (HICP) projections, MinFin



Sources: Ministry of Economy and Finance (MinFin): 1. State Budget 2026 (SB, November 2025), 2. Annual Progress Report 2026 (APR, April 2026), 3. Draft Budgetary Plan 2027 (DBP, October 2026), HFISC data processing.

Figure 5: 2026 & 2027, Inflation (HICP) projections, MinFin and International-National Institutions

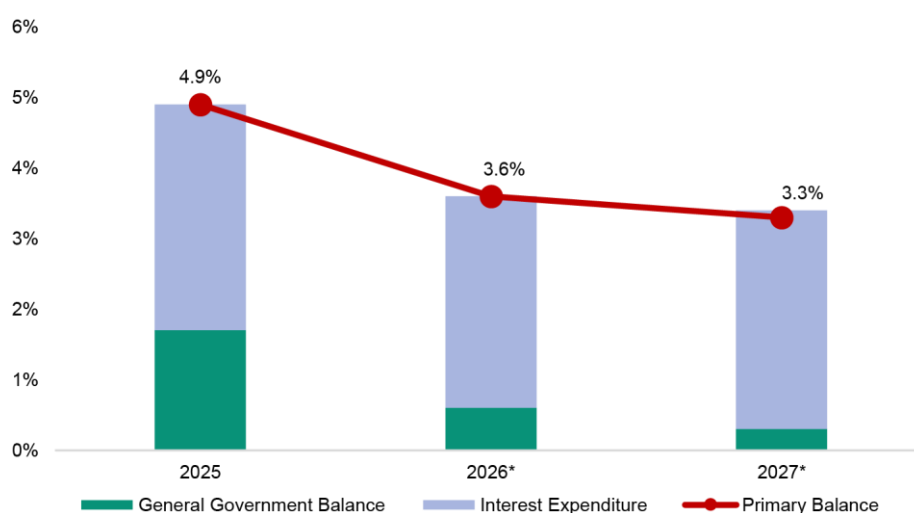


Sources: 1. EC, European Economic Forecast (May 2026), 2. OECD, Economic Outlook, Vol. 2026/1, No 119 (June 2026), 3. BoG, Monetary Policy Report 2025-2026 (June 2026), 4. HFISC (October 2026), 5. MinFin (October 2026), 6. IMF, World Economic Outlook (October 2026), HFISC data processing.

Budgetary forecasts

According to the DBP 2027, high primary surpluses are expected to continue, following the high level of 4.9% of GDP recorded in 2025 (see Figure 6). More specifically, the primary surplus is estimated at 3.6% of GDP in 2026 and 3.3% of GDP in 2027. At the same time, the General Government balance is expected to remain in surplus, at 0.6% of GDP in 2026 and 0.3% of GDP in 2027, well above the -3% of GDP reference value laid down in the Stability and Growth Pact. The persistence of fiscal surpluses reflects the steady growth momentum of the Greek economy, with growth rates above 2%, as well as the expected increase in public revenue combined with contained public expenditure growth. The Greek economy is therefore expected to maintain a strong fiscal position over 2026–2027, despite the persistently high cost of consolidated General Government interest expenditure (around 3% of GDP per year), as both the primary balance and the overall General Government balance are expected to remain in surplus.

Figure 6: General Government fiscal outcomes, 2025–2027 (% of GDP)

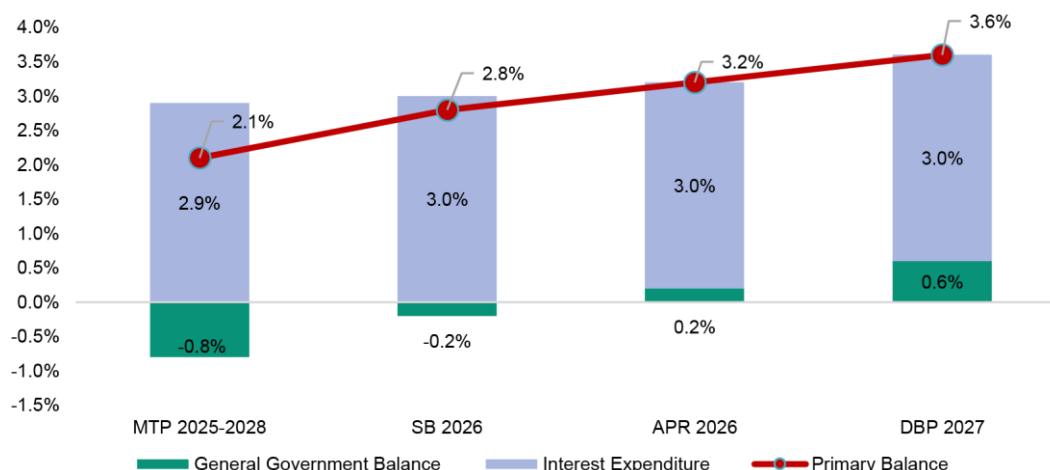


Source: Draft Budgetary Plan 2027, MinFin, October 2026.

*2026 is an estimate and 2027 a forecast.

Against this background, for 2026 the DBP 2027 revises the primary-surplus target upwards to 3.6% of GDP, compared with 3.2% in the Annual Progress Report 2026 and 2.8% in the Explanatory Report on the State Budget 2026 (see Figure 7). The revision reflects the better-than-expected performance of tax and other current revenue in 2025, which, through a positive carry-over effect, strengthens the fiscal starting position for 2026, as well as lower execution of ordinary-budget expenditure on the basis of final 2025 data. In addition, the State Budget execution data available to date show more favorable developments than initially estimated (see the relevant analysis below). This positive effect is partly offset by targeted support measures implemented during 2026, including temporary measures to mitigate the impact of higher energy costs and inflation on households and businesses in response to developments in the Middle East.

Figure 7: Fiscal outcome estimates for 2026 (% of GDP), MinFin



Source: MinFin forecasts, Medium-Term Fiscal-Structural Plan 2025–2028 (September 2024), State Budget 2026 (November 2025), Annual Progress Report 2026 (April 2026), Draft Budgetary Plan 2027 (October 2026).

Budget execution to date largely confirms the favorable fiscal outlook and strengthens the assessment that the revised target for 2026 is achievable. More specifically, available General Government Bulletin data for January–July 2026 show that a primary surplus of EUR 8.9 billion, or 3.4% of GDP, has already been recorded (cash basis; see Table 2). This improvement is mainly attributable to an increase in revenue of EUR 5.9 billion (8.9%) compared with the corresponding period of the previous year, stemming from both tax revenue and social security contributions, while expenditure increased by EUR 3.1 billion (5.4%). Provided that no exceptional fiscal pressures arise, such as fines, court-ordered compensation or effects stemming from geopolitical instability, and that fiscal prudence is maintained, achievement of the revised primary-surplus target remains feasible.

Table 2: General Government budget execution (EUR million*), Jan.–Jul. 2026

	Jan.–Jul. 2025	Jan.–Jul. 2026	Difference 2025-2026	% difference 2025-2026
	(a)	(b)	(c) = (b) - (a)	(d) = (c)/(a)
A. Revenue	65,595	71,454	5,859	8.93%
B. Expenditure	56,723	59,783	3,060	5.39%
C. Net acquisition of non-financial assets	4,452	6,868	2,416	54.27%
Balance (A-B-C)	4,421	4,803	382	8.64%
as % of GDP	1.78%	1.85%		
Primary balance	9,213	8,887	-326	-3.54%
as % of GDP	3.71%	3.42%		
GDP	248,357	260,035		

Source: General Government Monthly Data Bulletin, July 2026, MinFin. *Cash-basis data.

MinFin estimates of the fiscal outcomes show a significant degree of convergence with those of the EC and other international organizations (see Table 3). In its spring forecast, the EC is more optimistic,

projecting for 2026 a General Government surplus of 0.8% of GDP and a primary surplus of 4.0% of GDP, followed by a moderate decline to 0.6% and 3.7%, respectively, in 2027. These estimates are based mainly on the assumption of strong revenue momentum and contained expenditure growth, notwithstanding the incorporation of the expansionary fiscal package for 2026 and higher defense expenditure. The OECD (June 2026) maintains more conservative projections, with a marginal General Government deficit of -0.2% of GDP in both 2026 and 2027 and primary surpluses of 2.6% and 2.7% of GDP, respectively. These projections incorporate the fiscal measures known at the time the report was prepared, including the tax reform, higher defense and security expenditure and temporary support measures addressing high energy prices. The IMF's October 2026 projections indicate a General Government surplus of 0.3% of GDP and a primary surplus of 3.4% of GDP in 2026. For 2027, the IMF projects a General Government deficit of 0.7% of GDP and a primary surplus of 2.6% of GDP. The projections should be interpreted in light of the latest fiscal measures and the assumptions regarding energy prices and geopolitical developments.

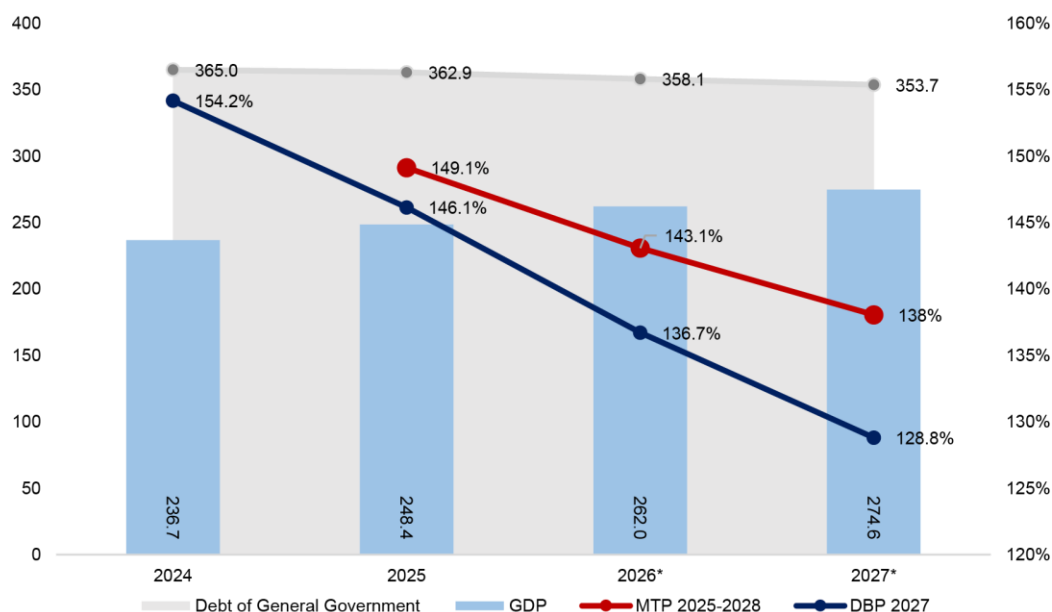
Table 3. General Government balance and primary balance forecasts (% of GDP), MinFin and international organizations

		General Government Balance		Primary Balance	
		2026	2027	2026	2027
EC	May 2026	0,8%	0,6%	4,0%	3,7%
OECD	June 2026	-0,2%	-0,2%	2,6%	2,7%
MinFin	October 2026	0,6%	0,3%	3,6%	3,3%
IMF	October 2026	0,3%	-0,7%	3,4%	2,6%

Sources: 1. European Commission, European Economic Forecast (May 2026), 2. OECD, Economic Outlook, Vol. 2026 Issue 1, No 119 (June 2026), 3. Draft Budgetary Plan 2027, MinFin (Oct. 2026), and 4. IMF, World Economic Outlook (Oct. 2026).

As regards public debt developments, according to the latest ELSTAT releases, the debt-to-GDP ratio stood at 146.1% in 2025, a significant decline of 8 percentage points compared with 2024 (see Figure 8). According to MinFin forecasts (October 2026), this downward path is expected to continue over the next two years, with the debt-to-GDP ratio falling to 136.7% in 2026 and 128.8% in 2027, representing further declines of 9.3 and 8.0 percentage points, respectively. The projected path of the debt-to-GDP ratio remains below the upper limits set out in the medium-term projections of the MTP 2025–2028. More specifically, in 2025 the debt-to-GDP ratio stood 3 percentage points below the corresponding limit, while this gap is expected to widen to 6.2 percentage points in 2026 and 9.3 percentage points in 2027, confirming a more favorable debt path than previously expected. It should be stressed that, despite the significant decline in the debt-to-GDP ratio, continued fiscal vigilance is required, as Greek public debt remains the highest in the EU and significantly above the 60% of GDP reference value laid down in the Stability and Growth Pact. The main factors contributing to debt reduction are the maintenance of high primary surpluses and strong nominal economic growth. At the same time, the favorable differential between nominal GDP growth and the implicit interest rate (snowball effect) reinforces the decline in the debt-to-GDP ratio.

Figure 8: General Government public debt, 2024–2027



Source: MinFin forecasts, Medium-Term Fiscal-Structural Plan 2025–2028 (September 2024), Draft Budgetary Plan 2027 (October 2026). HFISC data processing.

*2026 is an estimate and 2027 a forecast.

The above dynamics are confirmed by the analyses of the EC, the OECD and the IMF in their latest reports. The EC and the IMF attribute the decline in the debt-to-GDP ratio both to the maintenance of strong primary surpluses and to the favorable snowball effect, while also highlighting the contribution of improved tax compliance to sustaining fiscal outcomes. The IMF additionally points to the contribution of debt-management operations, including the early repayment of financial-assistance loans. However, the EC and the IMF adopt more cautious assumptions regarding medium-term growth, resulting in a more moderate projected decline in the debt-to-GDP ratio. By contrast, taking into account the high primary surplus in 2025 and the maintenance of high surpluses in 2026 and 2027, the OECD projects a more favorable debt path.

Compliance with Fiscal Rules

The general principles governing fiscal planning, laid down in Article 34 of Law 4270/2014, as amended, incorporate the requirements of the new European Union (EU) economic governance framework, which entered into force on 30 April 2024, and establish a national fiscal rule.⁷ Specifically, they focus on keeping the growth rate of net (nationally financed primary) expenditure of the General Government at levels that ensure both public debt sustainability and compliance with the 3% of GDP reference value for the General Government deficit over the medium term.⁸ They also aim to ensure

⁷ On 30 April 2024, the new EU economic governance framework entered into force. Its key components include Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and multilateral fiscal surveillance, repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024); Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 2024/1264, 30.4.2024); and Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (OJ L, 2024/1265, 30.4.2024).

⁸ Under the Net (Nationally Financed Primary) Expenditure Rule, as provided for in Article 36 of Law 4270/2014, the percentage change in net expenditure must not exceed the ceilings set out in the Council Recommendation in force at the

that the general government primary balance remains in surplus.

According to the DBP 2027, the observed growth rate of General Government net expenditure in 2025 stood at 2.8%, 0.9 percentage points below the recommended maximum growth rate of 3.7%, as set out in the MTP 2025–2028, and approved by the Council of the European Union.⁹ In cumulative terms, net expenditure growth in 2025 was 2.7%, significantly below the recommended ceiling of 6.5%. As a result, the cumulative balance in the control account was recorded at -1.4% of GDP, while the balance in the augmented control account widened further to -1.6% of GDP, following the incorporation of the flexibility arising from the activation of the national escape clause for increased defense expenditure.¹⁰ These margins indicate the availability of fiscal space for higher net expenditure growth over the period 2026–2028, while remaining within the limits of the new fiscal framework.

For 2026, according to the DBP 2027, annual growth in net primary expenditure is estimated at 8%, compared with a recommended ceiling of 3.6%. In cumulative terms, for 2024–2026, growth is projected at 10.8%, compared with a recommended ceiling of 10.3%. For 2027, annual growth in net primary expenditure is projected at 3.6%, compared with a recommended ceiling of 3.1%, while in cumulative terms for 2024–2027 it reaches 14.9%, compared with a recommended ceiling of 13.7%. As a result, the excess over the recommended ceilings is reflected in the cumulative control-account balance, which stands at 0.3% of GDP in 2026 and 0.5% of GDP in 2027. However, after incorporating the flexibility arising from activation of the national escape clause for defense, whose scope was extended to allow energy-security measures to be taken into account, the corresponding augmented control-account balance is reduced to almost zero. More specifically, defense expenditure is estimated to be higher by around 0.4% of GDP in 2026 and 0.3% of GDP in 2027 relative to the 2024 base year, while the fiscal cost of energy measures is estimated at 0.2% of GDP in 2027.

At the same time, as discussed above in the budgetary forecasts section, a General Government primary surplus is ensured for both the current and the following year, at levels above the corresponding projections of the MTP 2025–2028, in full compliance with the national numerical fiscal rule.

Upside-downside risks

On the positive side, the primary surplus of 3.6% of GDP in 2026, above the initial target, demonstrates a strong fiscal performance that is expected to be maintained in the coming years, making an important contribution to the continued downward path of public debt, which is also supported by the early repayment of long-term loans. Particularly in an environment of rising interest rates, sustained growth, fiscal credibility, the steady decline in the debt-to-GDP ratio and the improvement in the country's credit rating constitute a critical strength: they reduce borrowing costs, shield the economy against

relevant time, pursuant to Article 17 of Regulation (EU) 2024/1263, on the approval of the Medium-Term Fiscal-Structural Plan.

⁹ Council of the European Union (2025), “Council Recommendation of 21 January 2025 endorsing the national medium-term fiscal-structural plan of Greece”, OJ C, C/2025/661, 10 February 2025.

¹⁰ A deviation from the net expenditure rule is permitted under Article 26 of Regulation (EU) 2024/1263: “exceptional circumstances outside the control of the Member State with a major impact on its public finances, provided that it does not endanger fiscal sustainability over the medium term”. HFISC has acknowledged that the significant fiscal burden arising from existing and/or planned defense expenditures meets the criteria of such an exceptional circumstance, following the assessment of the relevant request submitted by the MinFin to activate the national escape clause ([Assessment of the compliance of the budgetary outturns data reported in the Annual Progress Report 2025 and of activation of the national escape clause, HFISC, April 2025](#)). The Council of the European Union, in its [Recommendation of 8 July 2025, allows Greece to deviate from the maximum growth rates for net expenditure \(Activation of the national escape clause, OJ C, C/2025/3965, 20 August 2025\)](#).

external shocks and strengthen investor confidence, thereby providing a key driver of sustainable growth. The continuation of structural reforms, particularly the digital transformation of the tax administration through the extension of mandatory electronic invoicing and the use of risk-analysis tools in tax audits, is expected to support the growth that is ultimately necessary also to support vulnerable social groups.

On the downside, the global economy remains in a period of heightened uncertainty. Geopolitical tensions, from Ukraine to the Middle East, where the recent escalation led to a renewed increase in energy prices in September 2026, together with rising borrowing costs internationally, pose significant challenges for the macroeconomy, cost-of-living pressures, public finances and national security. A coordinated European response to the energy challenge is critical, as fragmented national interventions entail higher fiscal costs and risks of distortion in the Single Market. Although the increase in defense expenditure is being implemented in coordination with the EU, through the national escape clause and the SAFE instrument, additional or unforeseen needs may generate fiscal pressures. At the same time, with the RRF coming to an end in late 2026, investment growth in 2027 will depend on a successful transition to new European and national financing instruments. Finally, any slowdown in structural reforms, particularly in the run-up to the election period, could limit productivity gains and undermine the credibility of economic policy and of the Greek economy more generally.

A detailed analysis of macroeconomic and fiscal developments in the Greek economy, supported by more granular evidence, is planned for inclusion in HFISC's forthcoming Autumn Report.

Based on the above, the Hellenic Fiscal Council endorses the macroeconomic projections underlying the Draft Budgetary Plan 2027. The Council has assessed the fiscal projections and confirmed compliance with the numerical fiscal rules.

For the Hellenic Fiscal Council,

The Chairperson

Anastasia Miaouli



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