SPRING REPORT SUMMARY 2026

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HELLENIC
FISCAL
COUNCIL

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Executive summary

This report presents the macroeconomic and fiscal developments of the Greek economy in 2025, as well as the outlook for the period 2026–2027. It assesses the evolution of the main macroeconomic indicators, analyses fiscal developments at both the State Budget and General Government levels, and evaluates whether the fiscal trajectory is consistent with the prevailing fiscal framework.

In 2025, the Greek economy maintained its upward trajectory, expanding by 2.1%, significantly above the European Union average, driven primarily by private consumption, investment (supported mainly by resources from the Recovery and Resilience Facility, RRF), and tourism. This strong performance was accompanied by a further decline in unemployment and an improvement in the General Government balance, which recorded a surplus of 1.7% of GDP, while public debt continued its downward path, declining to 146.1% of GDP. For 2026, Hellenic Fiscal Council (HFISC) projects economic growth of 1.9%, with unemployment expected to decline further to 8.4%, although it will remain high compared with the EU average.

At the same time, some indicators evolved less favorably. Although inflation moderated slightly in 2025, it is projected to accelerate to 3.2% in 2026 before moderating to 2.4% in 2027. Recent data published by the Hellenic Statistical Authority (ELSTAT) already confirms this upward trend, with inflation reaching 4.6% in April 2026. The current account deficit also remains elevated, at 5.7% of GDP, largely reflecting strong import demand, despite narrowing by €2.8 billion as a result of an improved balance of goods and higher receipts from travel services.

On the fiscal front, the execution of the State Budget indicates a strong performance relative to budget targets already in the first quarter of 2026. For the year, the primary surplus is projected to remain at 3.2% of GDP, while public debt is expected to decline by a further 9.3 percentage points. As regards compliance with the rules of the new European fiscal framework, Hellenic Fiscal Council's assessment indicates that although the annual growth rate of net nationally financed primary expenditure is expected to exceed the reference rate in 2026, the cumulative expenditure path remains within the permitted limits, particularly when taking into account the flexibility provided by the national escape clause for defense expenditure.

Overall, Greece's public finances are characterized by "a favourable fiscal position, despite expansionary fiscal measures" (European Commission, Spring Forecast 2026). The combination of sustained primary surpluses and an expansionary fiscal stance has been supported by robust economic growth and higher public revenues resulting from improved tax compliance and the digital transformation of the tax administration. This "virtuous" combination has enabled the Greek government to maintain fiscal surpluses while simultaneously increasing net expenditure on measures aimed at supporting the most vulnerable households against cost-of-living pressures.

Looking ahead, the key challenge will be to preserve this favourable trajectory over the medium term. Persistent structural imbalances in the Greek economy—including relatively high unemployment, particularly among young people, low productivity, and high external indebtedness—together with the expiration of the Recovery and Resilience Facility and heightened geopolitical uncertainty, underline the need to foster new drivers of economic growth. Sustaining Greece's economic progress will therefore require the continuation of prudent fiscal policy alongside the deepening of structural reforms, particularly in those policy areas where Greece continues to lag behind its European partners and which have the potential to become key drivers of future growth.