

# SPRING REPORT SUMMARY 2025



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HELLENIC  
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COUNCIL

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## EXECUTIVE SUMMARY

The Greek economy shows positive performance during 2024–2025, with GDP growth surpassing the euro area average, a steady decline in unemployment, and a strengthening fiscal outlook marked by primary surpluses and decreasing public debt-to-GDP ratio. Confidence is further supported by moderating inflation and advancements in digital reforms.

In 2024, real GDP grew by 2.3%, and this upward trend continued into the first quarter of 2025 with 2.2% growth. Key drivers include private consumption, investment, and exports. The economy benefited from the Recovery and Resilience Facility (RRF), with over €21 billion drawn by June 2025. Unemployment is gradually declining, projected at 9.7% for 2025, while inflation fell to 3% in 2024 — still above the Eurozone average.

Public debt as a share of GDP decreased significantly in 2024, the largest among EU countries, supported by strong growth and high primary surplus. Despite this progress, Greece's debt remains the highest in the EU, necessitating continued prudent fiscal policies.

Fiscal performance in 2024 was strong, with a primary surplus of 4.8% of GDP and a headline surplus of 1.3%. The fiscal outlook for 2025 remains positive, with the 2025 Annual Progress Report projecting continued primary surpluses. Greece is compliant with new European fiscal rules, though challenges such as increased defense spending, an aging population, low savings, low productivity, and current account deficits persist. Positive results mainly stem from improved tax compliance and efficient use of EU funds.

In this context, this report analyzes macroeconomic and fiscal developments, including GDP, labor market, current account balance, macroeconomic prospects and challenges, the state budget, and Greece's adherence to the new fiscal framework.

The current economic landscape is marked by uncertainty due to ongoing geopolitical tensions in Ukraine and the Middle East, and global trade ambiguities. Greece must balance higher defense expenditures with investments in high-value sectors, especially

technologies like artificial intelligence, which are crucial for sustainable growth. Such growth will support real income increases, social spending, and further debt reduction.

Maintaining sound fiscal management and continuing debt reduction strategies are vital for sustainability and market confidence.

This report provides a comprehensive analysis of the opportunities and challenges influencing Greece's economy. It is structured as follows:

Section 1 analyzes GDP and its components for 2024 and the first quarter of 2025, highlighting the basic growth drivers. This section also presents GDP forecasts for 2025 and 2026, as formulated by both international and domestic institutions, while examining the parameters that influence differences between these estimates.

Section 2 examines the labor market, including trends in employment and unemployment, as well as the structural challenges Greece continues to face compared to European averages. It also includes an analysis of developments in inflation, wages, and the European Central Bank's key interest rates, with a focus on the decline in inflation in 2024 and the effects of structural inflation on purchasing power.

Section 3 explores the current account balance and analyzes the causes of the persistently high deficit (-6.6% of GDP), which reflects the Greek economy's reliance on imports and the need to boost its competitiveness.

Section 4 addresses macroeconomic uncertainties and the medium-term challenges facing the Greek economy, both from the international environment and domestically. It analyzes external risks such as ongoing geopolitical tensions, the threat of tariff impositions that could affect international trade and European recovery, and the sluggish performance of major European economies. At the same time, it highlights chronic domestic challenges, such as low per capita GDP, persistent unemployment, and high current account deficits.

Section 5 reviews the execution of the State Budget for 2024 and the first four months of 2025. It analyzes the significant improvement in the State Budget balance on a cash basis, showing a surplus and an increase in the primary result, surpassing the initial targets. This positive development is mainly due to the increase in net revenues, especially from taxes and sales of goods and services, as well as to the prudent expenditure management, despite challenges from deferred payments. The same section extends the analysis to the execution of the General Government budget. It presents the favorable figures for the cash surplus and primary surplus in 2024, which significantly exceed forecasts and indicate the potential achievement of the fiscal target for 2025 under normal circumstances.

Section 6 focuses on the trajectory and challenges of Greece's public debt. Initially, the significant de-escalation of the General Government debt as a percentage of GDP is analyzed, which in 2024 presented the largest reduction among EU countries. The main drivers of this improvement include strong real growth and a substantial increase in the

primary surplus. Despite this progress, the fact that Greece's debt remains the highest in the European Union necessitates continued vigilance.

Section 7 summarizes Greece's strong fiscal performance in 2024 in ESA terms, with a primary surplus of 4.8% of GDP and a headline surplus of 1.3% of GDP. For 2025, fiscal outlook remains positive, with the 2025 Annual Progress Report projecting the continuation of primary surpluses at 3.2% of GDP and a marginal surplus of 0.1% in the General Government Balance. International institutions (EU, IMF, OECD) present slightly different estimates, with the EU being the most optimistic.

Overall, Greece's economic outlook remains positive. However, maintaining fiscal prudence in the light of increased defense spending, addressing structural challenges such as population ageing and low productivity, enhancing tax compliance and achieving effective use of EU funds are essential for sustained growth and debt reduction.

The President of Hellenic Fiscal Council

Anastasia Miaouli



