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2026 Country Report – Greece

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Recommendation for a COUNCIL RECOMMENDATION

on the economic, social, employment, structural and budgetary policies of Greece

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European Commission

Economic and Financial Affairs

Greece

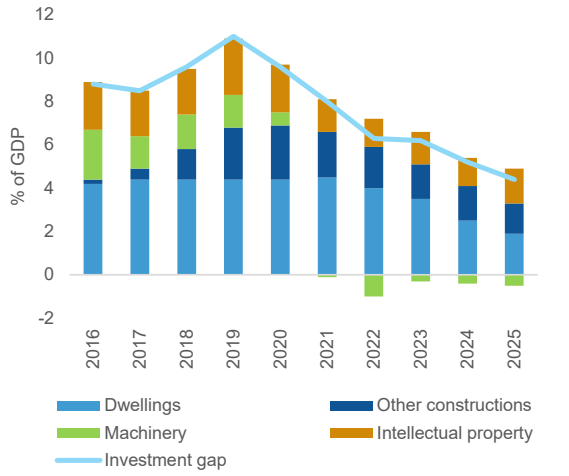
2026 Country Report

ECONOMIC DEVELOPMENTS AND KEY POLICY CHALLENGES

The Greek economy emerged stronger from the pandemic crisis

The Greek economy has grown solidly in the post-pandemic period. Real GDP grew by 2.1% per year in 2023-2025 – well above the EU average of 1%. The energy crisis is expected to weigh on economic activity in 2026. Still, GDP growth is set to remain solid, 1.8% in 2026, led by investment and consumption; and to moderate to 1.6% in 2027 as the RRF's implementation comes to an end.

Graph 1.1: **Investment gap compared with the EU by asset type (% of GDP)**



Source: Eurostat

The investment gap vis-à-vis the EU average has halved since 2018. The investment-to-GDP ratio rose from 11.3% in 2018 to 16.9% in 2025, driven by investments in machinery that have exceeded the EU average since 2022 (Graph 1.1). Construction investment (including dwellings) is still well below the EU average, but the gap has been declining since 2020 thanks to a sustained increase in construction activity in Greece. Persistently low investment levels in intellectual property are hindering innovation and weighing on productivity.

Job creation has been strong, and unemployment has fallen below 2008 levels. Over the last five years, employment growth has been driven by the manufacturing, construction, social and healthcare sectors as well as by professional, scientific and technical activities. Youth and female employment has increased faster than total employment, but the employment rate has remained well below the EU average.

Economic activity has been fuelled by EU funds, particularly the RRF. According to the most recent estimates, the RRF is set to increase Greece's GDP by almost 4.5% compared with a no-policy change scenario in 2026. This is mostly due to an investment-led demand stimulus ([1]). In addition, the RRF is also expected to give a long-term boost to potential growth by upgrading and extending the capital stock and through the reform-induced increase in total factor productivity. Greece is one of the top five EU Member States in terms of cohesion fund absorption for 2021–2027. Cumulative EU payments from the ERDF, ESF+, Cohesion Fund and JTF place Greece above the EU average ([2]).

([1]) See the Mid-Term Evaluation of the Recovery and Resilience Facility, February 2024, Brussels.

([2]) For further details, see the European Commission's Cohesion Open Data platform.

Rebalancing the economy and closing the income gap remain key

Economic activity has accelerated but not fast enough to ensure a rapid catch-up. Despite a robust growth performance in recent years, real GDP was still almost 14% below its 2008 peak level in 2025. Per capita income in 2025 was 68.4% of the EU average ([3]). Long-term real growth is estimated at around 1.5%, only slightly exceeding the EU average. This implies only a slow economic convergence.

Greece is continuing to address its long-standing vulnerabilities relating to high public and external debt, non-performing loans, and unemployment, but its current account deficit remains high. The Commission undertook again an in-depth review of the Greek economy as part of the Macroeconomic Imbalance Procedure earlier in 2026 ([4]). That review highlighted that fiscal policy and nominal GDP growth are set to keep reducing the public debt-to-GDP ratio. The unemployment rate is at its lowest level since 2009. However, the current account deficit is still elevated, and the net external liability-to-GDP ratio improved only marginally in 2025. Banks' ratio of non-performing loans (NPL) to total gross loans declined further in 2025. Still, when considering the NPLs held by servicers, the stock of NPLs in the economy remained broadly unchanged and continues to burden private sector balance sheets. The review also highlighted that reforms are bringing tangible benefits, but Greece needs to become more competitive to help reduce debt and produce a lasting improvement in external balances.

Low non-cost competitiveness is reflected by a persistently high current account deficit. The current account deficit fell to 5.7% of GDP in 2025. This implies a high external liability-to-GDP ratio, which is expected to decline only marginally in the coming years. The economy continues to rely on low value-added sectors like tourism and agriculture and small- and medium sized enterprises (SMEs) which lack economies of scale and have very limited international exposure. Further improvement in non-cost competitiveness is essential in order to reduce import dependence; increase export capacity; and raise long-term growth prospects.

Legacy NPLs continue to weigh on the economy. Greece received a country-specific recommendation (CSR) in 2025 to continue reducing the stock of NPLs held by banks and credit servicers by accelerating liquidation-related court proceedings. Resolution of remaining NPLs, which are currently managed largely by credit servicers ([5]), has proceeded slowly. Judicial and institutional obstacles (e.g. a lack of sufficient information on the state of auctioned properties; the long duration of the judicial resolution of post-auction disputes; and delays in registering transactions in Greece's land registry) reduce third-party interest and make auctions unsuccessful, thus delaying collateral liquidations ([6]). In 2025, the government introduced measures to expand the information available on auctioned assets in the e-auctions platform, improve the efficiency of judicial processes and tackle backlogs in debt enforcement (see Annex 2).

Strong demand and subdued construction activity are driving housing market challenges. Domestic demand remained strong and house prices continued to grow at a fast (albeit slowing) pace in 2025 (7.8% versus 9.1% in 2024). Despite the absence of a credit-fuelled house price bubble, recent price developments are showing signs of overvaluation. Foreign demand – which has been incentivised by the golden visa programme and investment opportunities in tourism - moderated in 2025 thanks to the tightening of golden visa and short-term rental regulations. Housing supply is constrained by

([3]) Measured at purchasing power standards (i.e. adjusted for differences in national price levels).

([4]) SWD(2026) 137 final; see In-depth review of Greece 2026, Institutional Paper 334, May 2026, Brussels.

([5]) Credit servicers were managing EUR 80 billion of debt (32.2% of GDP) at the end of 2025.

([6]) See In-depth review of Greece 2026, Institutional Paper 334, May 2026, Brussels.

years of sluggish housing investment, which only started to grow in 2020 and is still only at 60% of the EU average (see Annex 16) ([7]). House price and rent increases surpassed income growth and housing affordability has deteriorated. However, housing affordability varies sharply, deepening the urban-rural divide and undermining local development outside major hubs (see Annex 16). Ongoing government policies need to step-up to close the construction gap.

Sustained growth requires higher productivity and employment

Low labour productivity is being compensated by long working hours. Labour productivity has started to edge up recently, but is still only 54.6% of the EU average. By contrast, Greece recorded the most hours worked per employee in the EU.

Skill gaps and low participation are limiting the efficient use of labour reserves. The skills of young people leaving the education system often do not match labour market needs, while regional disparities jeopardise regional competitiveness (see Annex 18). Persistently low education spending (combined with weak basic and digital skills) points to challenges related not only to the level but also to the effectiveness of education expenditure and highlights the need for better targeting and monitoring of spending. Measures have been taken to improve the vocational education system and skill-matching, but participation in adult learning remains low and 80% of companies report that unavailability of skilled staff is an obstacle to investment ([8]). Furthermore, lack of adequate child and elderly care solutions continues to limit women's capacity to enter the labour market (see Section 4 and Annex 11).

Despite improvements, the institutional environment is hindering business dynamism, innovation and entrepreneurship. High entry barriers are hampering competition in professions such as law, architecture, civil engineering and accountancy, and in the retail sector ([9]). Survey data suggest that, despite significant improvements and digitalisation, Greece is still lagging behind as regards the operational efficiency of public services for businesses ([10]). For example, reforms have recently been implemented or are being implemented to improve the effectiveness and efficiency of the justice system. However, the insufficient and/or disparate use of IT across the judicial system and the length of court proceedings both remain issues. Yet the level of digitalisation increases progressively. A shortage of available land area – exacerbated by bottlenecks in urban and spatial planning – and insufficient rail and road infrastructure are hindering business expansion. Ensuring an institutional environment that fosters competition and allows businesses to grow and integrate into international markets is essential in order to raise productivity.

Low levels of private investment in research and development (R&D) are impeding productivity improvements. Corporate investment in R&D has been increasing rapidly but is still below the EU average (0.9% of GDP in Greece versus 1.5% in the EU). Future progress of business innovation depends on investment, science-technology interlinkages and technological transfer to SMEs (see Annex 4). Greece has introduced regulatory tools as well as tax incentives for R&D However, the digital transformation remains a challenge – especially for SMEs, which are lagging behind other EU Member States in adopting advanced technologies.

([7]) Many houses have become uninhabitable or are tied up in lengthy legal processes (e.g. inheritance disputes and debt enforcement).

([8]) EIB Investment Survey 2025, Greece overview.

([9]) See IMF, 2025, Improve Resource Allocation to Boost Growth in Greece, Washington, DC.

([10]) See World Bank, 2025, B-Ready report for Greece, Washington, DC.

Box 1:

UN Sustainable Development Goals (SDGs)

Greece's performance is improving on a number of SDGs related to sustainability (SDGs 2, 7, 9, 12, 13, and 14) but declining for others (SDGs 11 and 15). It is also improving for all SDGs related to social fairness (SDGs 1, 3, 4, 5, 7, 8 and 10). However, it is still below the EU average for nearly all the SDGs related to this area.

Greece's performance is far below the EU average but improving for SDGs related to competitiveness (SDGs 4, 8 and 9) and partnership for goals (SDG 17) but declining for the SDG related to peace, justice and strong institutions (SDG 16).

Accelerating the green transition is essential for sustainable growth. Greece has managed to expand its renewable energy source (RES) capacity in recent years. However, in order to maximize its use of green energy it needs to expand its storage capacity and completing the interconnection of islands with the mainland grid. Adding offshore wind capacities could complement the current RES, which is primarily based on photovoltaics. Recalibrating energy taxes could further incentivise electrification. So would decarbonising the transport sector, which remains the main emitter of greenhouse gases. The Just Transition Fund supports those of Greece's regions that are most affected by the green transition by helping to create and expand businesses to diversify the economy as well as reskilling and upskilling the workforce.

The economic dominance of the capital region of Attica is exacerbating regional disparities. High-productivity sectors and research investment dominate in Attica. In contrast, mountainous, insular and remote regions face transport limitations, seasonal tourism pressures and overreliance on low-productivity sectors (see Annex 18). Partly because of demographic decline, northern and rural areas are also struggling with weaker labour markets, which are disproportionately affecting young people (see Annex 12). Poverty and social exclusion remain widespread (even in economically stronger regions), highlighting the unequal distribution of growth benefits.

Sound fiscal policies help cope with rising spending pressures

Greece's fiscal position remains solid amid rising spending needs. Measures improving tax compliance have supported revenue collection. Greece recorded a general government budget surplus above 1% of GDP in both 2024 and 2025. This is projected to narrow to 0.8% in 2026 and 0.6% in 2027, but the primary surplus is expected to remain above 3.5% of GDP. The shrinking surplus mainly reflects the implementation of permanent tax cuts and targeted social measures that have been adopted to support households' disposable incomes while strengthening incentives for labour market participation and expanding labour supply. Additional pressures stem from higher defence.

A temporary support package was introduced to alleviate the surge in fuel prices that was triggered by the war against Iran. The measures amount to around 0.2% of GDP and include, for a limited period (April-May 2026) an untargeted diesel subsidy and a targeted fuel-pass for households (subject to income criteria). They also include a targeted support for fertiliser costs until August 2026, a one-off support to families with children and compensation for ferry operators. The package is broadly targeted, with some degree of income differentiation, and aims to mitigate the impact of higher energy prices on households and key sectors (notably transport and agriculture). The measures are temporary and may be extended, depending on how the

Box 2:

Key achievements of the recovery and resilience plan (RRP)

Greece's RRP represents a total investment envelope of EUR 35.95 billion (corresponding to 16% of GDP). It aims to support the green and digital transitions, strengthen economic resilience and address long-standing structural challenges that have been identified in the European Semester.

As of June 2026, EUR 24.6 billion (68.5% of the total allocation) has been disbursed, following the satisfactory fulfilment of [204] milestones and targets. [Implementation has progressed steadily; a growing number of reforms and investments have already been fulfilled and are now delivering tangible results.]

Highlights and impact of the RRP

- **Increasing efficiency of the judiciary:** redesigning the justice system by establishing, abolishing and redistributing courts in all judicial districts.
- **Simplifying and digitalising the public sector:** expanding e-services for driving licence renewals, court decisions, digital signatures and document circulation, along with digitising public sector archives and establishing a unified IT platform for tax services.
- **Accelerating the roll-out of RES:** simplifying the legal and administrative framework, leading to reducing RES licensing and permitting times from 5 years to 14 months.
- **Supporting affordable housing:** the My Home II facility enables loans (for a total of up to EUR 2 billion) on beneficial terms to individuals for the acquisition of primary residences.
- **Upgrading Greece's electricity network:** investments are strengthening the grid, adding new interconnections to islands, boosting substation capacity for more renewable energy and supporting clean energy. The RRP has delivered more than 7.5 GW of new renewable installed capacity in Greece.
- **Digitalisation and infrastructure in the health system:** setting up a national digital health record database for doctors and patients, renovation of primary healthcare units and creation of chronic disease management units.

energy crisis evolves. In parallel, Greece has introduced regulatory and market-based interventions to contain energy and consumer prices. These include a temporary cap on profit margins for fuels and selected essential supermarket products. This cap will be applied across the supply chain until the end of June 2026.

Greece's public debt-to-GDP ratio is shrinking significantly but remains the highest in the EU. It dropped to 146.1% in 2025, almost 43 pps lower than its pre-COVID peak (in 2018). Sustained primary surpluses and favourable nominal GDP growth are, together with prudent debt management (including early repayments of financial assistance), expected to reduce the ratio to 140.7% in 2026 and 134.4% in 2027. However, a less favourable macroeconomic environment might slow the pace of future debt reductions.

Centralising the tax and customs administration remains key to further increasing tax compliance. Greece received a CSR in 2025 to continue its efforts to improve tax compliance (including through further centralisation and digitalisation of customs and tax inspections) and improve its tax system's predictability. The roll-out of digital tools and strengthened compliance systems have reduced the VAT compliance gap, but continuing investment in system maintenance (e.g. IT infrastructure) and institutional capacity will be required. Customs administration is also undergoing reform. The ongoing centralisation of inspections is already supporting revenue collection, but consolidation and providing adequate inspection capacity remain important. Key frameworks (including the VAT and income tax codes) have been codified, but further action (particularly to reduce the VAT policy gap and

rationalise tax expenditures) is needed in order to make the tax system more predictable.

Defence expenditure is increasing, supported by both national and EU funding. Total government expenditure on defence amounted to 2.2% of GDP in 2024 and 2.4% in 2025 and is forecast to reach 2.6% in 2026. The activation of the National Escape Clause provides temporary flexibility to accommodate higher defence spending. Greece is also using EU instruments to strengthen defence investment (including financing opportunities under the Security Action for Europe (SAFE) instrument). In the cohesion policy's mid-term review, Greece ranked third in the EU (after Poland and Romania), allocating EUR 634 million to defence-related priorities.

The implementation of the multilevel governance framework is in progress. Greece received a CSR in 2025 to further improve the effectiveness and efficiency of its public administration by fully implementing the multilevel governance framework. Greece is expected to start applying the governance framework once it has adopted a codified law that will bring all the responsibilities of the regional and local administration under a single legal framework (this law is expected to be in place by mid-2026). The operationalisation of the multi-level governance framework is also expected to contribute to better management of EU funds, because the key implementation bodies are usually administrations in regions and localities where effective implementation of public investments is often hampered by low administrative capacity (see Annexes 2, 7 and 18).

Greece faces challenges related to climate, security and demography

Population-ageing is weighing on public finances and the labour market. Demographic trends are projected to see the working-age population fall by roughly a third by 2070. Against this background. the budgetary cost of ageing is set to increase by about 0.8 pps of GDP by 2040 but to decline below the 2025 levels by 2070, driven mainly by a projected decline in public pension outlays and, to a lesser extent, by education spending (see Annex 2). Moreover, demographic decline is further straining peripheral areas, where inadequate healthcare, education, public transport and weak digital infrastructure are causing a rapid population exodus. Labour market shortages persist (especially in the tourism and construction sectors) and require the expansion of the labour force. To address demographic pressures, especially in non-metropolitan areas, accelerating implementation of the national demographic action plan and ensuring coherence with regional development plans is key (see also Annex 18).

Climate change is rapidly increasing economic costs. Greece is highly exposed to the impact of climate change, which also exacerbates regional asymmetries, threatening long-term economic stability. In recent years, extreme weather events (including floods, heatwaves, wildfires and droughts) have severely disrupted the economy and society. The annual investment needed to adapt to climate change (for example in water infrastructure due to severe water scarcity) is one of the highest in the EU (see Annex 10). Greece has taken action to address its large private insurance gap against natural disasters, but insurance coverage remains low.

Export structure and dependence on fossil fuels remain economic security risks. Greek exports have become more diversified, but tourism and transport services (these are both heavily exposed to regional geopolitical risks) account for around 20% of GDP. Moreover, energy price shocks have significant effects on inflation and growth due to the economy's still strong dependence on fossil fuels (see Section 3), while the Greek economy's reliance on imported critical raw materials makes it vulnerable to sudden supply disruptions (see Annex 5). In addition, Greek businesses are the least prepared for cybersecurity attacks, according to Eurostat

Box 3:

Contribution of cohesion policy funds

EU cohesion policy funding is supporting Greece's efforts to boost competitiveness, environmental sustainability, skills and social fairness. In the 2021-2027 programming period, EU cohesion policy funds ([13]) are providing Greece with EUR 20.5 billion (amounting to EUR 25.7 billion paired with national co-financing) or 8.5% of 2024 GDP. This makes cohesion policy one of the main sources of public investment in Greece. The value of selected projects corresponded to 82.6% of the total allocation as of March 2026, with additional calls for projects in the pipeline.

- **Innovation, business environment and productivity:** nearly EUR 4 billion has been allocated to research and innovation, SMEs' competitiveness and the regions most affected by the transition away from carbon-intensive activities. Around 34 000 firms have already seen their projects approved.
- **Decarbonisation, energy affordability and sustainability:** EUR 5.6 billion has been allocated to clean transition projects. More than EUR 1.3 billion has been allocated to drinking water and wastewater treatment projects, which are expected to improve facilities for 500 000 people. Another EUR 1.3 billion has been allocated to supporting energy efficiency interventions.
- **Skills, quality jobs and social fairness:** EUR 1.6 billion has been allocated to improving the labour market relevance of education and training systems; EUR 1.7 billion to enhancing access to employment; and EUR 360 million to addressing material deprivation. The development of social, primary health care and long-term care services has been further enhanced. Greece's educational facilities are also being supported, with projects already on track to benefit 423 000 pupils.

The mid-term review ([14]) reinforced the cohesion policy's contribution to emerging strategic priorities, reallocating nearly EUR 1.9 billion. One third of reallocations (EUR 634 million) support defence (particularly military mobility along the EU's main corridors). The mid-term review has also strengthened competitiveness (through support for critical technologies), better water management (through digitalisation), improvements in energy efficiency and increased energy connectivity to secure clean electricity supply and additional investments in more affordable housing. Together with promoting skills in the development of critical Strategic Technologies for Europe Platform (STEP) technologies, ring-fenced resources will also target policies such as the adaptation of workers to change and the development of specialised skills for the defence industry, cyber security and civil preparedness. In addition to cohesion policy funding, Greece will allocate up to EUR 3.6 billion under the Social Climate Fund in 2026-2032 to help mitigate the social impact of the new emissions trading system (ETS2), supporting vulnerable households and small businesses. EU funding instruments also play an important role in supporting maritime transport, port infrastructure and island connectivity, including the green transition of shipping.

data ([11]). Policies to reduce economic security risks include transitioning to RES, increasing energy efficiency, exploiting domestic critical raw material reserves ([12]) and increasing circular material use.

EU funding instruments provide considerable resources to Greece. They

([11]) For example, Greece has the lowest share of enterprises using at least 3 ICT security measures, according to Eurostat data.

([12]) Greece is rich in critical raw materials (CRMs) such as bauxite, gallium, nickel and magnesium which the government plans to exploit.

([13]) ERDF, ESF+, CF and JTF.

([14]) The mid-term review was undertaken halfway through the 2021-2027 programming period. It is a formal assessment process required under Article 18 of the Common Provisions Regulation to assess the implementation of a programme; and, where necessary, to propose adjustments to improve its performance, ensure its continuing relevance in the light of new and emerging needs and maintain coherence with other EU policies.

support investments and structural reforms to increase competitiveness, environmental sustainability, skills, social fairness and security, while helping to address challenges identified in the CSRs. Key instruments include the Recovery and Resilience Facility (see Box 2) and Cohesion policy funds (see Box 3). In addition, the Common Agricultural Policy (CAP) provides Greece with an EU contribution of EUR 13.5 billion under the CAP strategic plan for 2023-2027 ([15]), while EUR 364 million are allocated under the Common Fisheries Policy (CFP). A further EUR 2 billion are available under the Asylum, Migration and Integration Fund (AMIF), together with the Border Management and Visa Instrument (BMVI) and the Internal Security Fund (ISF). Other EU programmes also support competitiveness in Greece, for instance through open calls under Horizon Europe and the Connecting Europe Facility.

([15]) An overview of Greece's formally approved strategy to implement the EU's common agricultural policy nationally can be found at https://agriculture.ec.europa.eu/cap-my-country/cap-strategic-plans/greece_en

INNOVATION, BUSINESS ENVIRONMENT AND PRODUCTIVITY

Greece is facing broad-based obstacles to innovation and to increasing productivity. In 2025, Greece received country-specific recommendations (CSRs) to reduce the regulatory and administrative burden for businesses; increase competition in professional services and product markets; improve the governance and funding possibilities of the national research, development and innovation system; facilitate access to finance for start-ups and scale-ups; and increase the effectiveness of justice. Some measures have been implemented (including with support from the RRF) to digitalise public services and simplify regulation; ease funding barriers for R&D; and expand research infrastructure. Businesses have been incentivised to accelerate the uptake of digital technologies (albeit with mixed success). Greece's public procurement and justice systems have been strengthened but remain prone to lengthy court proceedings.

Despite recent progress, the business environment continues to constrain entrepreneurial dynamism. The key structural weaknesses holding back private investment include the lack of a definition for land uses in Greece. Law 4759/2020 aims to tackle informal construction through local urban plans (LUPs) and special urban plans (SUPs); and to provide legal certainty for business establishments and expansions. However, the reform is still being implemented. In addition, there are still regulatory and administrative obstacles to doing business, including in overly restricted professional services and product markets (see Annexes 4, 5, 6, 7 and 18).

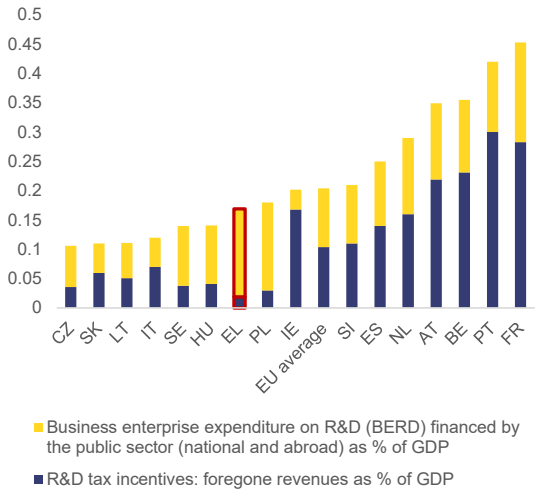
Funding shortfalls are preventing Greece from reaping the benefits of its strong science base

The diffusion of innovation is undermined by stagnant public R&D investment and fragmented governance. Greece received a CSR in 2025 to improve the governance of the national research, development and innovation system by reducing the fragmentation of research policy management and funding sources. Scientific output has grown in line with public R&D expenditure, but research policy management remains fragmented between ministries and regional authorities (see Annex 18). Through the RRF and cohesion policy programmes, the EU is supporting expansion of research infrastructures and increased collaboration between research institutions, universities and businesses, thus promoting knowledge-transfer and innovation diffusion. Going forward, it will remain of key importance to strengthen the governance of research policy (including through the establishment of a dedicated ministry, which has already been announced); secure long-term R&D funding; and (beyond the RRF) strengthen the autonomy of research institutions, accelerate project evaluation processes and implement measures to retain top talent.

Private R&D investment remains low. Direct and indirect public support for business R&D has increased (Graph 2.1), but private sector spending still lags significantly behind the EU average. The size of, and value added in, medium-to high technology manufacturing remains below the EU average (value added in medium-to high technology manufacturing as percentage of total value-added stands at 2% compared to EU average of 5.21% in 2024).

Weak collaboration between research institutions and industry is hindering the commercialisation of innovation. Both the proportion of researchers employed within the business sector and innovation outputs (e.g. patent applications) are below EU averages. This underscores the need to better integrate research and industry. EU-funded programmes (including under the European Regional Development Fund (ERDF)) have begun strengthening technology-transfer offices to improve academia-industry linkages. This is reflected in a rising share of public-private co-publications (9.01% of total publications vs the EU average of 7.62% in 2024). However, challenges persist, including underfunding of transfer offices and limited industry engagement. Future efforts may focus on simplifying access to R&D funding (particularly for SMEs) and strengthening public-private collaboration (see Annex 4).

Graph 2.1: **Total public support for business R&D**



(1) 2024 or latest available data
Source: Eurostat and OECD

Greece's start-up ecosystem is flourishing, but scaling-up opportunities are limited. Over 90 start-ups raised EUR 555 million in 2024 (a 15% year-on-year increase), but venture capital investment remains well below the EU average. This reflects a reliance on State-backed initiatives rather than mature private markets. Recent measures (including the 'start-up Golden Visa', expanded R&D tax incentives and business angel investment incentives) aim to ease funding shortfalls. The 'Elevate Greece' programme has improved visibility for high-potential start-ups, but financing gaps hinder growth at a more mature stage.

Greek firms' financing constraints are further exacerbated by late payments, particularly by the public sector. The 33% share of SMEs burdened with late payments from public bodies is far above the EU average of 20%. The gap for business-to-government transactions is the largest in the EU (see Annex 5). The current system for registering, monitoring and paying invoices does not allow efficient monitoring. To strengthen the start-up ecosystem, further efforts could focus on facilitating private-sector investment, enhancing university spin-out support and scaling up mentorship networks. In addition, stronger entrepreneurship education could support the translation of research and innovation into marketable products.

There is considerable scope for further digitalisation in businesses, especially SMEs. Despite past measures, the uptake of key digital technologies by businesses (e.g. AI, cloud computing and data analytics) remains below the EU average (see Annex 4). For instance, in 2025, 8.93% of enterprises in Greece were using AI technology, while the EU average was at 19.95%. Policy efforts have been intensified more recently (with support from the RRF and ERDF) to incentivise SMEs to purchase digital products and services; and to finance projects relevant to the production and use of cloud software and applications. Despite some gradual progress (reflected in the share of companies with e-commerce operations – 23.48% above the EU average of 20.26%), further adoption of advanced digital technologies by businesses (coupled with broader financial and advisory support schemes for SMEs in particular) can boost their export-orientation and competitiveness.

Alleviating regulatory and administrative burden and necessary conditions to benefit from the single market

Some improvements have been made, but businesses are still subject to a heavy regulatory and administrative burden. Greece received a CSR in 2025 to simplify regulation, improve regulatory tools and reduce administrative burden for companies by streamlining and digitalising administrative processes. In recent years, Greece has improved its regulatory framework and taken digital measures to foster tax compliance, streamline businesses' interaction with the State and reduce administrative burden. In particular, Greece in 2025 launched a new digital platform called OpenBusiness to simplify procedures and reduce the costs and time needed to establish and operate a business, in parallel with the ongoing reform of the licensing of several economic activities ([16]). Nonetheless, according to the European Investment Bank, Greek firms still perceive compliance with new regulations, standards and certifications as a major challenge. 89% of them report business regulation as an investment barrier (vs 69% in the EU as a whole) ([17]) (see Annex 5). Ensuring that digitisation is coupled with simplification (by redesigning processes and ensuring seamless end-to-end digital services for citizens and businesses) therefore remains key. There is also significant scope to enhance evidence-based policymaking through robust regulatory impact assessments (see Annex 7).

Greece has made opening a business relatively fast and straightforward. It is a top performer in the EU for business registration. Starting a business requires three procedures and can be completed in three to four days at a competitive cost. However, obtaining permits remains complex and time-consuming in several sectors.

Entry barriers in professional services and product markets remain high. Greece received a CSR in 2025 to review and remove the high entry barriers to the exercise of professional services and to new entrants to product markets. Professional services (notably lawyers, architects, civil engineers and accountants) face tight regulations (including entry requirements; restrictions on multidisciplinary practices and advertisement; territorial restrictions; and, in some cases, fixed fee schedules). These professions also have a low firm exit ratio (Annex 6). Similarly, entry into retail trade remains subject to zoning and licensing requirements. The pharmacy sector continues to operate under strict establishment rules (including population and geographic restrictions). Sector-specific establishment rules are also more restrictive than in the EU as a whole in the transport and telecom sectors. Entry and establishment costs are increased by changes to tax rules and regulations, high compliance costs and a generally restrictive business environment – especially for EU and non-EU investors ([18]). Easing administrative requirements in the implementation of posting of workers rules could reduce regulatory fragmentation within the single market, facilitate cross-border mobility and foster competitiveness – without undermining workers' protection (see Annex 5).

Environmental permitting remains lengthy and is hindering private investment. Greece received a CSR in 2025 to complete the regulatory frameworks for environmental licensing. The regulatory framework on environmental licensing is still being implemented, because the secondary acts setting out the criteria for investments that require a lighter permitting process due to non-substantial changes are still pending for four categories of activities (including manufacturing). According to the World Bank, Greece ranks very low in terms of operational efficiency in environmental permits ([19]).

([16]) Umbrella law on investment licensing 4442/2016.

([17]) EIB Investment Survey, 2025, Greece Overview, Luxembourg, p. 19.

([18]) Ibid., p. 19.

([19]) World Bank, Business Ready indicators 2025, Washington, DC.

Expediting the environmental permitting process (including through ensuring sufficient capacity and digitalising end-to-end the electronic environmental registry and related permitting processes for all involved services) would be conducive to investment.

Greece has strengthened its public procurement system but ensuring competition and transparency remains challenging. Greece received a CSR in 2025 on accelerating the judicial resolution of disputes related to public procurement. Greece has adopted and put into force several measures to accelerate public contract award procedures. Greece has also focused on the professionalisation of the public procurement tasks in the civil service (supported by the RRF). In addition, a new and more integrated and user-friendly e-procurement system is currently being developed (partly funded by the RRF) to address the weaknesses of the current system (see Annex 5). Some challenges nevertheless remain, such as the persistently high share of single bids or the predominant use of the lowest-price award criterion.

Completing the urban planning reform is set to accelerate investment. Only around 20% of Greece's territory is currently covered by approved LUPs. The lack of defined land uses has led to uncertainty as regards permitted economic activity and to informal construction, which has in turn placed unsustainable pressure on the environment and infrastructure. The RRF supports a comprehensive urban policy reform to extend LUP coverage to around 80% of Greece's municipal units ([20]) Greece has made considerable progress in elaborating the urban plans, but the timeline for their entry into force falls after the RRF's timeframe. It is therefore important that Greece completes the ongoing reform, with all the draft urban plans entering into force. It would also be important to adopt special environmental studies to define the protection zones and permissible land uses in Natura 2000 sites, because the effective definition of land uses in the LUPs is based on these. Greece could also use the reform momentum to extend the coverage to its entire territory. In addition, the RRF also supports two other spatial planning reforms (the adoption of new special spatial planning frameworks for renewable energy, industry, and tourism; and the already adopted national spatial strategy for the marine environment).

Greece's legal framework for granting concession agreements on the seashore is not conducive to investment promotion. Greece received a CSR in 2025 to simplify and complete the regulatory framework for granting concession agreements on the seashore. The existing framework ([21]) is outdated. Some provisions are incomplete and non-transparent ([22]). As regards industrial port infrastructure, businesses have difficulties in renewing their permits when they wish to carry out repairs or upgrades after the original concession. This undermines their ability to invest in existing and new port infrastructure (including special structures necessary for the storage, assembly, repair and transportation of offshore wind turbines). Such infrastructure benefiting industrial, extractive and other supporting activity would benefit from a distinct legal framework (i.e. the introduction of the concept of 'industrial ports' into Greece's legal framework, as it exists for tourist ports), given the highly complex safety and environmental requirements.

The justice system is still facing significant operational challenges

Recent reforms aim to shorten and streamline judicial proceedings. Greece received a CSR in 2025 to streamline and shorten judicial proceedings by accelerating

([20]) Vassi, A., Siountri, K., Papadaki, K., Iliadi, A.; Ypsilanti, A. and Bakogiannis, E., 2022, *The Greek Urban Policy Reform through the Local Urban Plans (LUPs) and the Special Urban Plans (SUPs)*, funded by the RRF.

([21]) Law 2971/2001, governing the granting of concession agreements for the development of various types of infrastructure works at seashore and coastal zone (beach).

([22]) Setting of concession fees and fines for non-compliance.

civil proceedings, adopting a code on alternative dispute resolution mechanisms, revising the code of judges and accelerating the judicial resolution of disputes related to public procurement. The amendment of the Code of Civil Procedure (effective from 1 January 2026) has improved the conduct of civil and commercial trials through procedural improvements to the first and appellate jurisdictions. Moreover, the creation of an electronic platform for the reassignment of distant hearing dates is set to improve enforcement. The pilot phase of the digital case file system has been launched in civil courts. The code of alternative dispute resolution mechanisms is expected to be adopted in June 2026 and curtail the judicial backlog. With respect to addressing backlogs affecting the judicial resolution of public procurement disputes, Law 5172/2025 has introduced new jurisdictional arrangements for disputes arising from public works contracts (to be resolved by the administrative court of appeal) and disputes arising from public supply or service contracts (to be resolved by the first instance administrative court).

However, the justice system still features lengthy proceedings. While reforms are promising in terms of improving judicial efficiency, it is too early to assess their impact. The integration of IT into judicial proceedings still remains insufficient (e.g. for the issuance of court certificates) or sporadic (e.g. in non-metropolitan courts). Limited progress in revising the code of judges has been reported and important challenges remain. These include the length of proceedings in all branches of the judiciary and the insufficient level of digitalisation (for example as regards the fully electronic conduct of all judicial procedures and the issuance of machine-readable judicial decisions, as detailed in Annex 7).

DECARBONISATION, ENERGY AFFORDABILITY AND SUSTAINABILITY

Greece is faced with the challenges of upgrading and decarbonising its energy system and electrifying its transport sector. A country-specific recommendation (CSR) issued in 2025 aims at increasing the energy sector's flexibility by adding storage; adjusting energy taxes to incentivise electrification; phasing out fossil-fuel subsidies; and increasing the capacity of electricity networks. Furthermore, Greece is encouraged to advance the decarbonisation of transport, including by improving railway infrastructure and operations. Some progress has been made in making the energy system more flexible by adopting legal provisions to facilitate demand-response. The electricity interconnection of Crete with Attica has been completed. The impact of the Recovery and Resilience Facility (RRF) is already evident in the increase of new renewable energy sources (RES) (7.5 GW) and strengthening of the electricity transmission network, with other investments (e.g. battery storage and energy efficiency renovations) to be completed in 2026. By contrast, Greece's transport sector remains a major emitter of greenhouse gases, largely due to Greece's reliance on road transport, an old vehicle fleet and low penetration of electric vehicles.

Making infrastructure climate-resilient and limiting disaster-related costs faced by firms and households remain key. Greece received a 2025 CSR to make its key infrastructure (including water supply) more climate-resilient; and increase private insurance coverage against natural-disaster-related damages. The authorities have developed a new national water strategy that aims to achieve a more efficient and sustainable use of water resources. Furthermore, the governance system to plan and implement actions to strengthen Greece's climate resilience remains weak.

Greece is consolidating its position as a net electricity exporter

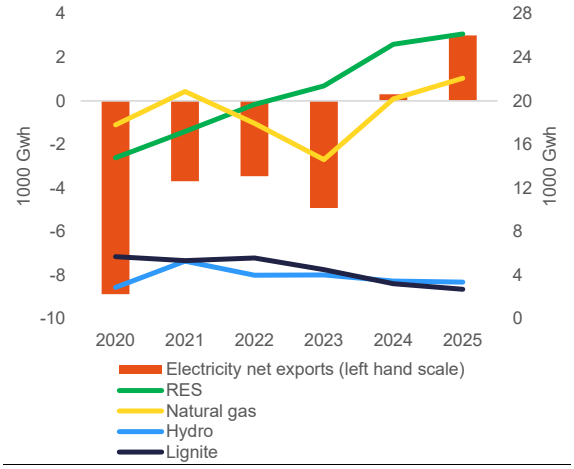
Greece is reinforcing its position as a key electricity producer in south-eastern Europe. In 2025, electricity production stood at 54.4 TWh compared with 52.1 TWh in 2024 ([23]). Greece's net exports exceeded 3 TWh, an almost tenfold increase on 2024 ([24]). The increase of electricity production was mainly driven by natural gas (increased by 9.4% in 2025 compared to 2024) and to a lesser extent by RES (increased by 4.3% compared to 2024), while domestic demand remained stagnant (see Graph 3.1). Lignite's share in Greece's electricity mix fell to 5% in 2025 and its use is expected to be phased out completely in 2026. Greece is also reinforcing its position as a regional energy hub by establishing the so-called vertical corridor ([25]).

([23]) Figures from TSO (ADMIE).

([24]) According to ELSTAT (Hellenic Statistical Authority), Greece's total revenue from electricity exports was EUR 972 million in 2025 and the balance of trade for electric power showed a surplus of EUR 261 million.

([25]) This is a pipeline initiative to transport natural gas and LNG from Greece northward to Bulgaria, Hungary, Moldova, Romania, Slovakia and Ukraine.

Graph 3.1: **Electricity balance and production sources**



Source: TSO (ADMIE)

More energy storage would reduce curtailments and increase the use of green electricity. Greece has made limited progress in addressing the 2025 CSR to increase the flexibility of its energy system, but it is planning to add around 700 MW of battery storage in 2026 with support from the RRF ([26]). This would be the first grid-scale energy storage for Greece. The need for Greece to add energy storage is becoming evident in the light of significant and rapidly increasing curtailments (i.e. the deliberate reduction of output from energy generators, in particular from solar) below their maximum capacity (due, for example, to low demand or grid congestion). The addition of energy storage will enable the use of more green electricity and ease the market uncertainty that is currently forcing smaller RES producers to exit. In addition to larger grid-scale energy storage investments, Greece could explore ways to make its energy system more flexible by improving the design of support schemes with a view to adding smaller battery storage systems connected to RES installations.

A higher share of wind energy would make the energy system more flexible. The significant increase of renewables in recent years has mainly been driven by expanding photovoltaic capacity. Combined with energy storage, wind energy would make it possible to support grid frequency and manage peak loads, relying on more affordable green electricity. Greece has a target of having 1.9 GW of offshore wind capacity ([27]) in place by 2030. This can be compared with its overall RES capacity of around 15 GW, which it aims to increase to 28 GW (including storage) by 2030. However, the legislative framework still needs to be completed, and maritime areas have to be designated. Promoting renewable energy self-consumption is an alternative to expanding RES and Greece is planning to adopt legal provisions by mid-2026 that will be part of the legal framework aiming to transpose the EU's Renewable Energy Directive. It will be essential that the legal framework is completed, by the swift adoption of the secondary legislation and with targeted support schemes being established, in order for this market segment to be unlocked in a meaningful way.

Transforming the energy mix would reduce reliance on fossil fuels. Greece has taken decisive steps to make its electricity production greener. However, continuing high reliance on natural gas, which is a costly marginal price-setting source, leaves Greece exposed to high prices and extreme price volatility due to geopolitical events (see Graph 3.2). The detrimental impact of such events has forced the Greek authorities to impose ad hoc and unorthodox measures to protect firms and households from sharp price increases ([28]). Adding more flexibility to the energy system, including energy storage, would facilitate the further transformation of the energy mix, so that Greece can gradually reduce its reliance on fossil fuels, which accounted for more than half of Greece's

([26]) The RRF is also supporting the construction of Amfilochia Pumped Hydro Storage, which is expected to be in operation by 2028 and add 680 MWh of energy storage.

([27]) Overall offshore wind capacity in the EU is estimated at around 20 GW.

([28]) In March 2026, in reaction to the energy price spikes following the US-Israel military operations against Iran, Greece introduced temporary profit margin caps on fuel and essential goods. These will remain in place until 30 June 2026. Retail gas stations are restricted to a maximum mark-up of EUR 0.12 per litre over purchasing cost. Fuel wholesalers are capped at EUR 0.05 per litre.

electricity production in 2025 (the sixth highest share in the EU) (see Annex 9).

Graph 3.2: **Wholesale electricity prices vs. low-carbon electricity share (2025)**

Source: European Commission calculation based on ENTSO-E, S&P Global Platts

Energy taxation and subsidies cement dependency on fossil fuels

Energy taxation is favouring fossil fuels over electricity. Final energy prices are lower for fossil fuels such as natural gas than for electricity. Greece has one of the highest electricity-to-gas price ratios in the EU. For large businesses, the after-tax electricity price was more than four times higher than for natural gas. Taxes and levies (excluding VAT) further widen the price gap ([29]). The share of electricity in Greece's final energy consumption exceeds the EU average (see Annex 9), but a more even tax treatment across energy sources would probably increase the ratio still further, thereby contributing to addressing the 2025 CSR. Moreover, Greece remains the only EU Member State where diesel excise duties are significantly lower than petrol excise duties – even though diesel fuel is more environmentally harmful. Increasing the excise duty rate for diesel would disincentivise the purchase of diesel cars.

Greece's sizeable fossil-fuel subsidies are unlikely to be fully phased out before 2030. Gradually phasing out current subsidies is in line with EU commitments and would help free some fiscal space. Greece has not yet taken steps to address the 2025 CSR to speed up the phasing-out of fossil-fuel subsidies. It could consider prioritising the phasing-out of the following types of subsidies: (i) fossil-fuel subsidies that do not address energy poverty in a targeted way or do not respond to genuine energy-security concerns; (ii) fossil-fuel subsidies for the transport sector that are not targeted; (iii) fossil-fuel subsidies that hinder electrification; and (iv) fossil-fuel subsidies that are not crucial for industrial competitiveness (see Annex 9).

Decarbonisation and efficiency gains remain key for affordable energy

Industry's decarbonisation efforts benefit from significant EU support. Greece's manufacturing sector remains a large greenhouse gas emitter. Its energy-intensive industry has the highest share of emissions in terms of gross value added in the EU (see Annex 8). Greece has established a legal framework for carbon capture and storage, which will help industry meeting its emission targets and has already secured significant EU support throughout the value chain ([30]). The Commission has also approved EUR 400 million in State aid under the Clean Industrial Deal State Aid Framework (CISAF) to invest in clean technologies to accelerate the transition to a net zero economy. Funds that have been collected from a range of sources (e.g. the ETS and a hotel surcharge ([31])) will be allocated to decarbonisation and the restoring

([29]) Taxes and levies account for 12% of electricity bills but just 5% of natural gas bills.

([30]) The RRF and CEF are providing support to Greece's first carbon capture and storage facility in northern Greece (Prinos), which has also secured EUR 120 million in funding from the EU's Connecting Europe Facility (CEF). The EU's Innovation Fund is providing EUR 655 million to support the private sector in capturing the CO_2 that is to be transported and stored.

([31]) Hotel customers are charged a 'resilience to the climate crisis' surcharge (ranging from EUR 1.50 to EUR 10 per night).

damages from natural disasters. Providing sufficient resources to key support schemes (e.g. the RES account) and further promoting the decarbonisation of industry ([32]) as well as alleviating the strain on critical infrastructure (e.g. water and wastewater) in tourist areas, could further help Greece carry out its green transition fairly and inclusively.

Energy market reforms have been adopted to promote clean energy. Under Greece's recovery and resilience plan (RRP), the legal framework to promote the production, certification and network-integration of biomethane and hydrogen has been adopted (Law 5215/2025). This follows Law 4951/2022, which was adopted in 2022 and was intended to reduce the time needed for licensing approvals for new renewables projects to 14 months. However, project promoters still face longer approval processes than stipulated by national legislation. The special spatial plan for renewables that is due to be adopted in 2026 is expected to facilitate the further streamlining of the licensing process. However, these enabling reforms will only support Greece's green transition if they are completed and fully implemented.

The building sector offers substantial efficiency gains. The fact that more than half of Greece's building stock was constructed before 1980 indicates that there is significant scope for energy savings. Thanks to the RRF, Greece is expected to improve the energy efficiency of more than 100 000 housing units in 2026, reducing primary energy use by at least 30%. Moreover, Greece has announced a new financial instrument ('on-bill financing') which allows electricity providers to support energy efficiency interventions by gradually covering costs through the electricity bill.

([32]) In 2025, less than 2% of the collected ETS was allocated to decarbonising industry (as reported by Greek authorities pursuant to Article 19(2) of the Governance Regulation Report).

Extended and smarter electricity networks are set to lower energy costs

The ongoing interconnection of islands is driving down energy costs. The interconnection of Crete ([33]) with the mainland electricity grid allows the phasing-out of autonomous oil-driven power plants and is expected to lower electricity bills by up to EUR 200 million per year (corresponding to EUR 25-30 for the average electricity bill). This is because the levy on consumer bills compensating for electricity providers' public service obligations (PSOs) ([34]) is set to significantly drop. More islands (including the Dodecanese and in the North Aegean) are expected to be interconnected in 2026, thanks to EU support through the RRF and cohesion policy through the GR-eco Islands Initiative ([35]). Some progress has been made in streamlining licensing procedures for new transmission networks in response to a 2025 CSR.

Lower non-technical losses and the wider use of smart meters are likely to ease households' energy bills. Greece received a CSR in 2025 to reduce non-technical losses (or commercial losses), which are attributed to issues like metering errors, theft and non-payment. The share of these losses nevertheless remains well above the EU average. According to the distribution system operator (HEDNO), electricity theft alone is estimated at EUR 450 million per year and increases the average households' annual electricity bill by EUR 60. Moreover, a legal initiative is still pending to deal with the

([33]) The Ariadne interconnection has been operating since May 2025. It received support from the EU's cohesion policy.

([34]) Public-sector obligations (PSOs) in the Greek islands ensure non-discriminatory electricity supply at mainland prices, largely off-setting the high cost of operating isolated fossil-fuel-driven power plants. The PSOs are funded by a levy on all consumer bills and compensate providers for higher production costs in unconnected islands.

([35]) The GR-eco Islands Initiative is for 39 islands with populations below 3 500 inhabitants.

increasing arrears that electricity providers are facing due to non-paying consumers. A faster roll-out of smart meters would allow more households to manage electricity usage efficiently and thereby reduce their bills. Despite some outstanding elements in the legal framework, dynamic pricing has been introduced as a tool to facilitate demand-response (as recommended in the 2025 CSR). However, retailers' interest in offering dynamic pricing contracts to customers has been limited so far, due to a continuing lack of price-responsive behaviour in the retail market with consumer choices suggesting a preference for predictable and stable price setting arrangements.

The electrification of the transport sector is still in its infancy

The transport sector remains one of Greece's main greenhouse gas emitters. Greece has one of the oldest vehicle fleets in the EU. It is yet to take concrete steps in response to a 2025 CSR to set up a comprehensive strategy with reforms and investments to support the shift to electric mobility and upgrade urban and inter-regional public transport. Greece relies mainly on land-based fossil-fuel-driven transport and this continues to impair its air quality. In particular, PM2.5 concentrations ([36]) exceed the World Health Organization's air quality guideline levels (see Annex 8).

Greece has started electrifying its vehicle fleet. The national climate law requires all new taxis in Attica and Thessaloniki to be zero-emission vehicles from 2026 onward. It is important to enforce this and the rules concerning withdrawal of professional vehicles (e.g. taxis and lorries). Greece is still lagging behind other EU Member States as regards zero-emission passenger cars, which comprised only 6.4% of new registrations in 2024 – less than half the EU average of 13.5% (see Annex 8). Greece has made progress in adding recharging points, including fast chargers ([37]), but their availability remains a bottleneck. This was a major reason why the support scheme for new electric taxis has not met the expected demand. More progress has been made in renewing the bus fleet (zero-emission buses accounted for almost 15% of new registrations in 2025). Through the RRF, more than 200 electric buses are in circulation in Attica and Thessaloniki, and another 150-200 are expected in 2026. Greece has also launched tenders for public bus service contracts for its regions as part of the RRP. The timely completion of these tenders is an opportunity for Greece to further renew and electrify its bus fleet and improve services.

Greece is implementing a wide-ranging RRF-supported railway reform. In 2025, Greece received a CSR to enhance its railway infrastructure and operations. This highlighted the need for short-term organisational reforms to increase the capacity and investment of the infrastructure manager and accelerate the full deployment of the European Rail Traffic Management System (ERTMS), which is essential for digitalising the railways and harmonising operations across the EU ([38]). Along with advancing and consolidating organisational reform in the railways sector, it is essential to strengthen the operational capacity of the Greek Regulatory Authority for Railways – including by addressing resource limitations.

Expanding the railway system can position Greece as a key logistical hub in south-eastern Europe and support regional development and cohesion. Greece remains heavily reliant on road mobility. Almost all land-based transport

([36]) According to the WHO, PM2.5 concentrations measure the mean annual concentration in the air of fine suspended particles with a diameter of 2.5 microns or less. These particles are considered the most dangerous air pollutant to health and are linked to mortality from cardiovascular disease, respiratory infections and lung cancer.

([37]) In 2025, Greece had 8 757 recharging points (18% were DC points) – compared with 3 166 in 2023 (7% were DC points).

([38]) The ERTMS provides a unified signalling system that enhances safety and interoperability; facilitates cross-border train movement; and boosts network capacity and operational efficiency.

(including cargo) was carried out by cars, buses and lorries (see Annex 8). Greece's railway network is strategically positioned and could act as a gateway between the EU, the Eastern Mediterranean and the Black Sea. It is part of the trans-European transport network (TEN-T) ([39]) that anchor Greece in west-east and north-south transport flows (including connections to Moldova and Ukraine). Enhancing network density and implementing reforms that were started under RRP would enable Greece to develop a reliable, competitive and modern railway system; facilitate efficient intermodal transport; enhance logistics; bolster regional economic development and competitiveness; and provide financially and environmentally sustainable options for passenger and freight transport (including effective commuting solutions that can help alleviate urban housing pressures and high costs).

Renewing the passenger shipping fleet would generate significant economic and environmental benefits. More than 80% of Greece's passenger shipping fleet is over 20 years old. It is rarely equipped with green technologies but is subject to increasing environmental performance requirements and suffers from rising operating and maintenance costs. A master plan for the renewal of Greece's passenger shipping fleet was developed as part of the Greek RRP and adopted in April 2026. This master plan will inform policy direction and decisions regarding vessel upgrade needs, port infrastructure improvements, investment timelines and financing requirements.

Water scarcity and frequent natural disasters highlight the need for climate-change resilience

Greece is one of the five most water-stressed Member States in the EU. In 2025, Greece received a CSR to devise a plan for climate-proofing key infrastructure, focusing on enhancing the water supply and reforming the institutional framework to boost local water service providers' capacity and accountability. Agriculture consumes over 80% of water resources and puts particular pressure on water supply. The lack of a framework for the collection and storage of surface and rainwater means that rainwater and treated wastewater often flow directly into the sea rather than replenishing aquifers or irrigation reservoirs. Following prolonged droughts, extreme rainfall is causing inadequate infiltration into reservoirs and resulting in erosion as topsoil washes into the sea.

As part of its RRP, Greece is developing a new water strategy whose objectives include strengthening the capacity of local water service providers. In 2025, Greece received a CSR to improve the capacity and accountability of local water service providers. The new water strategy and related legislation are expected to be in place by mid-2026. A new law will launch a pilot initiative to reorganise major water service providers. In particular, it will provide for the extension of the geographic scope of the water and wastewater utilities serving the wider metropolitan areas of Athens and Thessaloniki, while also extending their responsibilities to include irrigation services. This is crucial because building and maintaining resilient infrastructure requires local water service providers with sufficient resources to plan, implement and deliver essential services. Implementing tariffs that reflect actual costs may boost local water service providers' financial viability and sustainability.

The development of circular water management requires more investment. Circular water management and demand management are effective tools to alleviate water scarcity and improve the overall efficiency of sustainable water supply management. Investment initiatives under the RRF and cohesion policy funds aim to improve the supply and quality of drinking water and reduce leakage. However, there remains significant scope for further investment to

([39]) With routes like the Baltic Sea – Black Sea – Aegean Sea corridor and the Western Balkans – Eastern Mediterranean corridor.

advance wastewater management infrastructure and operations; modernise treatment facilities; and expand distribution networks, thus facilitating the reuse of treated water in different sectors. Initiatives to promote the use of adequately treated wastewater in industries and municipalities could, along with efforts to raise public awareness of its value and safety, support this development.

Insurance coverage against climate risks remains low and a robust climate adaptation system is still missing. The significant costs resulting from climate-related natural disasters threaten Greece's economy and public finances. Its regions are affected disproportionately in terms of potential economic loss (see Annex 18) ([40]). Between 1980 and 2024, weather and climate-related extreme events caused EUR 18.3 billion in economic losses ([41]) but only 5% of this was covered by insurance ([42]). Greece received a CSR in 2025 to increase private insurance coverage against natural-disaster-related damages. The Natural Disasters Private Insurance Observatory was set up in 2024 and tasked with preparing a national strategy for private disaster insurance. Greece has also made insurance mandatory against natural disasters for vehicles as well as companies with an annual turnover over EUR 500 000. It has also introduced a property tax discount for insured properties (see Annex 10). However, the impact of these measures on insurance coverage remains limited. Moreover, the fact that Greece has not yet developed a robust climate adaptation system with clear governance and responsibilities leaves it exposed in the event of emergencies.

Greece is lagging far behind in recycling and waste management

Greece continues to bury about 80% of its waste. Its reliance on landfilling is mainly due to the lack of adequate recycling facilities. A landfill tax was introduced in 2022, but this has not significantly decreased landfilling – including in the region of Attica, which generates around half of national municipal waste and relies heavily on one single, overused landfill site.

Recycling levels remain very low, despite considerable investment in waste management infrastructure. Only 17.4% of municipal waste is being recycled (compared with 48% in the EU). It is vital to effectively encourage waste reduction, reuse and recycling by implementing comprehensive and integrated waste management plans and strategies. The adoption of regional waste management plans (in accordance with the requirements of the Waste Framework Directive) is a prerequisite because it has been due since 2020. These plans should involve investment in recycling infrastructure; the adoption of pay-as-you-throw schemes to motivate businesses and households to reduce waste generation through direct financial incentives; and the timely enforcement of separate collection programmes by municipalities. Strengthening the capacity of regional solid waste management bodies and implementing measures on islands to address capacity constraints during peak tourism periods is crucial, alongside promoting behavioural change for effective waste management.

([40]) Greece has been investing heavily in disaster response equipment (particularly for firefighting) with considerable support from the RRF and cohesion policy (through a dedicated national programme for civil protection).

([41]) EEA, 2024, *Economic losses from weather- and climate-related extremes in Europe,* Link.

([42]) The Attica region accounts for close to half (45.8%) of the total insurance coverage for weather-related, earthquake and fire perils. Coverage is low in other regions, including those that are particularly exposed to floods (Thessaly: 5.2%, Central Macedonia: 14.4%) and wildfires (Crete: 4.7%, Southern Aegean: 1.5%). Source: the Hellenic Association of Insurance Companies, 2025, *Number of House Insurance contracts: Survey of 30 September 2025*.

SKILLS, QUALITY JOBS AND SOCIAL FAIRNESS

In 2025, Greece received country-specific recommendations (CSRs) to increase the rate of women, vulnerable groups and young people in employment; to improve educational outcomes; and to address poverty and social exclusion. It has since implemented some measures to bring more people into the labour market, mainly by reinforcing active labour market policies. However, there has been less progress in promoting more flexible work arrangements; expanding formal preschool education and care and long-term care; and tackling skills mismatches. Moreover, no major step has been taken to improve educational outcomes and increase the effectiveness and efficiency of the social protection system (Annex 1).

Employment rates continue to increase, but Greece's labour market is characterised by poor job quality and low productivity. Sluggish productivity growth reflects a variety of structural factors, including a high share of low value-added sectors in the economy; persistent skills gaps and talent outflows; and poor working conditions. These factors hinder further human capital development and, combined with limited availability of early childcare and long-term care services, impair labour force participation and social inclusion. Access to high-quality, affordable healthcare remains challenging (especially in rural, island and remote areas) and the coverage and adequacy of social benefits is low overall. The proportions of adults and children at risk of poverty or social exclusion remain relatively high, despite decreasing during the last decade.

Addressing these challenges will help Greece boost upward social convergence. The second-stage analysis in line with the Social Convergence Framework points to challenges for Greece that may affect social convergence in relation to its labour market, education and skills, as well as its social situation ([43]).

Persistent skills gaps are hampering productivity and competitiveness

Low participation in early childhood education and care and weaknesses in secondary education are severely undermining Greece's human capital potential. Greece received a CSR in 2025 to expand formal early childhood education and care (ECEC) and improve secondary education outcomes. Participation in ECEC remains low, despite the lowering of the mandatory education age to four years; as well as financial support from the European Regional Development Fund (ERDF) and the European Social Fund Plus (ESF+) to expand access to early childcare. In secondary education, a high share of Greek 15-year-old students does not achieve a minimum level of proficiency in basic skills, and this is limiting the development of innovative talent (Annex 13). The Recovery and Resilience Facility (RRF) places particular emphasis on upgrading school infrastructure, updating curricula (including in model and experimental schools) and digital upskilling of students as ways to improve educational outcomes. Greece could benefit from more competence-based teaching, learning and student assessment methods; greater school autonomy; and more systematic professional development and evaluation of teachers.

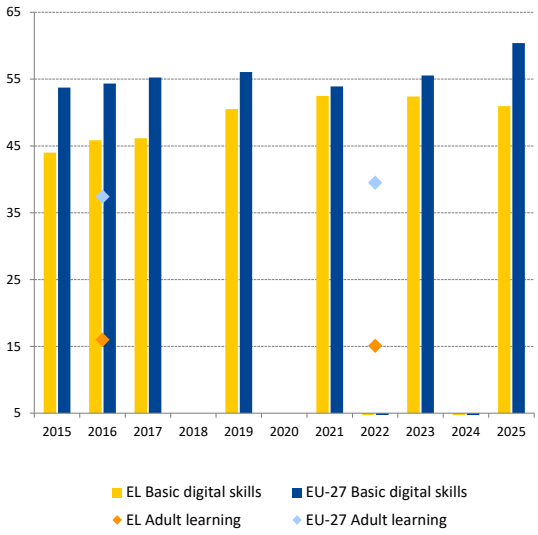
([43]) European Commission, SWD(2026) 122. The analysis relies on all the available quantitative and qualitative evidence and the policy response undertaken and planned.

Promoting inclusiveness in education can help improve educational outcomes across the board and promote social integration. There is a persistent negative correlation between underachievement in school and a pupil's socio-economic background that holds across all education levels. Almost 1 in 2 students from the lowest socio-economic quartile lack basic reading skills (compared with 1 in 7 students from the highest quartile). Moreover, students with a migrant background, students with disabilities, and Roma pupils have poorer educational outcomes and are more likely to leave education earlier than other pupils. Another important consideration is the growing number of students with special educational needs. In line with the Council's Recommendation on Human Capital in the EU, it remains key to support these vulnerable groups (including by making education and training more accessible and adaptive to their needs).

Meeting technical skills needs requires a more attractive and labour market as well as a relevant vocational education and training (VET) system. Enrolment rates in medium-level VET in science, technology, engineering and mathematics (STEM) remain below the EU average, in particular in ICT programmes, but there is increasing demand for technical skills at this education level in a broad range of digital and green areas. Further improving the employment prospects of STEM graduates across all education levels (including through increased work-based learning opportunities) would fill relevant skills gaps. Through the RRF and the ESF+, the EU is supporting several reforms and infrastructure upgrades of the VET system in Greece to improve its quality and labour market relevance (see Annex 13).

Persistent skills mismatches call for better skills intelligence tools and more tailor-made lifelong learning opportunities. In 2025, Greece received a CSR to address skills mismatches. Cedefop's 2024 European Skills Index ranked Greece 30th out of 31 countries for skills matching, 28th for skills development and 27th for skills activation. Participation in adult learning is persistently low and leading to skills gaps, including in digital areas (Graph 4.1). Several reforms and investments have been undertaken (including with support from the RRF and ESF+) to improve the quality and labour market relevance of adult learning programmes and increase their availability, but the roll-out of modern, well-coordinated and tailored programmes based on Individual learning accounts is not yet operational. Moreover, Greece can benefit from a more comprehensive skills anticipation framework.

Graph 4.1: **Digital skills and adult participation in learning**



(1) Share of individuals who have basic or above-basic overall digital skills (% of population aged 16-74)
(2) Adult participation in learning (during the last 12 months, excluding guided-on-the-job training, % of the population aged 25-64)
Source: Eurostat [special extraction from the AES], [tepsr_sp410], [isoc_sk_dskl_i], ESS ICT Survey.

Some regulatory and administrative bottlenecks are hindering cross-border labour mobility and the effective functioning of the single market. Despite digitalisation efforts, long waiting times for individuals to obtain pensions from Greece and for other Member States' institutions to obtain information on periods of contributions in Greece may also discourage intra-EU labour mobility (see Annex 5).

Improving job quality and addressing social exclusion is key

Employment is still increasing but does not benefit women and vulnerable groups to the same extent. Greece received a CSR in 2025 to increase the rate of women, young people and vulnerable groups in work or looking for work, but progress has been limited overall. The gender employment gap remains one of the highest in the EU (17.4 pps vs EU: 9.6 pps in end-2025) and women are more likely to be long-term unemployed or inactive (partly due to limited care services for pre-primary school children and other dependents). Employment outcomes are also poorer for young people and vulnerable groups (Annex 11). Demographic trends and the resulting decline in Greece's working-age population make it key to further expand the labour force through tailor-made activation programmes, increased access to early childcare and long-term care services and flexible work arrangements.

The high prevalence of undeclared and atypical work impairs job quality. The persistently high incidence of undeclared and under-declared work has led to the introduction of a digital work card that records working time. The predominance of tourism and other services means that Greece has one of the highest shares of low-wage earners in the EU and a relatively high share of non-standard forms of work (including seasonal work), but average weekly working hours are some of the highest in the EU. Almost half of workers on temporary contracts do not wish to work on a temporary basis and a third of them are faced with material and social deprivation. Law 5239/2025 simplified employment procedures and introduced some further flexibility in working time, while also putting in place a stronger social security framework that was subsequently complemented by the national social agreement on collective bargaining. These legal changes could improve job quality and working conditions, but their effective implementation will require thorough labour inspection mechanisms.

The risk of poverty remains high and particularly impacts children and vulnerable groups. Greece received a CSR in 2025 to address poverty and social exclusion by further increasing the effectiveness and efficiency of its social protection system, but progress has been limited. The proportion of people at risk of poverty or social exclusion (AROPE) increased by 0.6 pps to 27.5% between 2024 and 2025 and remains high (despite decreasing over the past decade). The rate is higher for individuals with low educational attainment and vulnerable groups (e.g. persons with disabilities) and varies between regions (see Annex 18). Greece's share of children experiencing severe material and social deprivation is also higher than the EU average and progress in reducing child poverty has stalled in recent years (see Annex 12). The impact of social transfers on poverty reduction remains limited, because the coverage and adequacy of these transfers is low overall and the government tends to rely on one-off support measures to provide temporary relief to people in need. The severe underfunding of social protection services corresponds to one of the lowest public expenditure shares in the EU. Particular challenges exist as concerns access to healthcare and other essential social services. Vulnerable groups and remote communities are disproportionately affected (see Annex 12).

Rising housing costs impair living conditions, especially for vulnerable groups. The share of energy-poor households is above the EU average and increasing. For 28.9% of the population, housing costs exceed 40% of their total disposable household income (vs 8.2% in the EU) ([44]). Overall, housing affordability has deteriorated. The standardised house price-to-income ratio grew by 13% in the last decade and house price increases have been among the sharpest in the EU. Rental prices are not regulated and the few measures supporting tenants have a limited impact. The provision of social housing stopped in early 2010s and there are currently

([44]) This indicator should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

few social housing providers. Given the increasing housing challenges, responsibility has been assigned to the Ministry of Social Cohesion and Family, which is assisted by an interministerial coordination body. In the context of the RRF, a comprehensive housing strategy has been developed. However, a national housing observatory is still needed to monitor the housing situation of vulnerable groups (see Annex 16).

Further strengthening the healthcare and long-term care systems is a priority

Several measures have been taken to strengthen the healthcare system, but more effort is needed to address the persistently high level of unmet medical needs across the population and regions. Through the RRF, ESF+ and ERDF, Greece has invested in primary healthcare to help shift the focus of the healthcare system from hospital-based care to primary healthcare (see Annex 15). Ongoing investments in infrastructure and digital transformation are paving the way for improved access to health services. Focusing on sustaining investments in primary care and mobile health assets as well as ensuring the functioning of the personal doctor reform and referral system are key to ensuring that healthcare needs are met across Greece and particularly in remote or rural regions.

Greece still has the highest proportion of out-of-pocket (OOP) payments in the EU. These mainly concern pharmaceuticals and inpatient care. The high level of OOP payments results from long waiting lists and the high level of recourse to private providers, particularly to bypass long waiting times. This results in major risks for Greek households, especially vulnerable ones. In 2023, almost 9.5% of Greek households had to face catastrophic expenditure ([45]) on healthcare. Greece is working on ways to increase public spending on healthcare, but further measures to ensure access to and affordability of services (including coverage for dental care) would be very useful.

Persistent shortages in, and uneven distribution of health professionals across regions is further hampering access to healthcare. Greece's healthcare system has a relatively high number of doctors, but it faces shortages of nurses and several medical specialists (including general practitioners), especially in rural and hard-to-reach areas. In addition to ongoing efforts (made with support from the RRF) to address current shortages, a comprehensive strategy that leverages planning and performance-monitoring tools as well as strong and reliable data would strengthen the nursing workforce (via recruitment and retention), reduce unmet needs and further accelerate the transition to primary and preventive care.

Significant unmet long-term care (LTC) needs have been reported, particularly in remote and island regions. Greece received a CSR in 2025 to expand LTC services. It has the lowest number of LTC staff per 100 individuals aged 65+ in the EU, with only 0.3 workers (EU: 3.3). This limits the LTC system's capacity to function in a timely and efficient manner. Key LTC challenges include limited access to community-based services, home care and residential care; territorial inequalities; and low service-quality. A strategic LTC framework has been developed with support from the EU's Technical Support Instrument (TSI). However, progress in expanding services has not yet been recorded and a dedicated LTC action plan is still to be implemented. Planned measures (e.g. the expansion of community-based services and the operation of mobile service units in remote areas) aim to address regional disparities and unequal access to services. However, increasing staff and training in the delivery of LTC services would boost the roll-out and implementation of the LTC strategy. Moreover,

([45]) Catastrophic expenditure is defined as household OOP spending exceeding 40% of total household spending net of subsistence needs (i.e. food, housing and utilities).

improvements in the licensing of LTC services (particularly care for the elderly) would allow more and better providers to enter the market, particularly if coupled with a robust and regular control framework to safeguard service standards.

KEY FINDINGS

In **areas covered by existing CSRs**, Greece would benefit from:

- **improving the tax system's transparency** by evaluating and rationalising tax expenditure and continuing the centralisation and digitalisation of customs and tax inspections;
- **further improving the effectiveness and efficiency of public administration** by fully implementing the multi-level governance framework;
- **continuing to reduce the stock of non-performing loans** held by banks and credit servicers by accelerating liquidation-related court proceedings;
- **further removing single market barriers** by reducing the administrative and regulatory burden on companies (including in environmental licensing and for the granting of concession agreements on the seashore);
- **reviewing and removing entry barriers to professional services and product markets**;
- **expanding financial and advisory support schemes for SMEs** aimed at boosting their export-orientation and competitiveness, especially outside the capital region;
- **reducing fragmentation of the national research, development and innovation system**, ensuring long-term and sustainable funding and facilitating access to finance for start-ups and scale-ups;
- **further accelerating civil and public procurement proceedings** through the adoption of a code on alternative dispute resolution mechanisms, and by further revising the code of judges;
- **further developing non-fossil flexibility solutions** by promoting new renewable energy sources (RES) (including offshore wind, energy storage and the roll-out of smart meters); recalibrating energy taxes to incentivise electrification; phasing out fossil-fuel subsidies (particularly in the industrial sector); and increasing the quality and capacity of electricity networks (for example, by completing interconnections with islands);
- **accelerating the decarbonisation of the transport sector** based on a comprehensive strategy and by promoting electric mobility; upgrading the passenger shipping fleet and urban and inter-regional public transport; expanding the railway network; and rolling out the European Rail Traffic Management System (ERTMS) in full;
- **strengthening climate resilience** by establishing a multilevel governance system and climate-proofing key infrastructure;
- **adopting a national strategy for increasing private insurance coverage against natural disaster-related damages**;
- **implementing the national water strategy**, including strengthening local water service providers and investing in sustainable water infrastructure (including reuse of adequately treated wastewater);
- **promoting upward social convergence** by further increasing the effectiveness and efficiency of the social protection system;

- **boosting youth employment and labour force participation of women** through more intensive and tailor-made activation programmes, and by expanding access to childcare and long-term care;

- **addressing skills mismatches** by reorienting education and training systems to labour market needs and improving the coordination of adult learning programmes;

- **promoting human capital formation**, including by supporting persons with disabilities and special educational needs; enhancing teachers' continuous professional development; and improving school autonomy.

In **other areas**, Greece would benefit from:

- **completing the urban planning reform** through the entry into force of urban plans covering the whole of Greece;

- **improving housing affordability** by expanding affordable and social housing supply (particularly in areas of stress);

- **addressing demographic decline** by accelerating implementation of the national demographic action plan and ensuring coherence with regional development plans;

- **promoting access to high-quality and affordable healthcare** by strengthening primary healthcare; ensuring the functioning of the personal doctor reform and referral system; tackling shortages and geographical imbalances of nurses and doctors; and addressing the high proportion of out-of-pocket payments;

- **updating the regional waste management plans** alongside investing in solid waste management infrastructure and the capacity of regional waste management bodies (including on islands).

LIST OF ANNEXES

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Table A1.1: **CSR implementation and Commission assessment**

Greece faces challenges in a wide range of policy areas, as identified in the country-specific recommendations (CSRs). Greece was recommended, among other things, to simplify regulation, streamline judicial proceedings, improve governance of national research, development and innovation systems, develop non-fossil flexibility solutions and accelerate decarbonisation, and increase the rate of women and vulnerable groups in work or looking for work.

The Commission has assessed the degree of implementation of the 2025 CSRs considering the policy action taken by Greece to date*. To do so, the Commission has taken into account the information provided by Greece in its Annual Progress Report as well as other information sources. This annex provides summary information on the policy actions taken or planned by Greece for each CSR. More detailed information on these actions is included in the relevant chapters and other annexes of the report.

**CSR 2 is not assessed in CeSaR. RRP implementation is monitored through the assessment of RRP payment requests and analysis of the bi-annual reporting on the achievement of the milestones and targets, to be reflected in the country reports. Progress with the cohesion policy is monitored in the context of the Cohesion Policy of the European Union.*

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
1.1 Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025.	• Total general government defence expenditure in 2026 is projected at 2.6% of GDP, corresponding to an increase of 0.4 ppt. compared to 2024.	• Total general government defence expenditure in 2027 is projected at 2.5% of GDP, corresponding to an increase of 0.3 ppt. compared to 2024.	Substantial progress
1.2 In line with the requirements of the reformed Stability and Growth Pact, limit the growth in net expenditure in 2025 and 2026 to a rate consistent with putting the general government debt on a plausibly downward trajectory over the medium term and maintaining the general government deficit below the 3% of GDP Treaty reference value, while making use of the allowance under the national escape clause for higher defence expenditure.	• Cumulated deviation in 2025 amounted to -1.3% of GDP. • Cumulated deviation in 2026 projected at 0.2% of GDP but it is fully explained by the NEC flexibility (0.4% of GDP).		Full implementation
1.3 Continue efforts to improve tax compliance, including through further centralisation and digitalisation of customs and tax inspections.	Tax compliance: POS integration with business cash registers and operationalisation of system for on-the-spot inspections of IAPR auditors. Centralisation of the tax and customs inspections: Merger of fives big customs offices in Attica and Piraeus, establishment of the Attica Customs Audit Center and the Large Taxpayers Audit Center.	Tax compliance: mandatory e-invoicing for B2B transactions (for all businesses). Digitalisation of inspections: certification of new IT system (inflow-outflow) by petrol stations (March 2026).	Some Progress
1.4 and improve the tax system's predictability.	Codification and simplification of the Income Tax Code and Code of Tax Administration, the VAT code, Stamp duty, Property taxes, State Debt Collection (KEDE) and National Customs Code as well as the set-up of a content management system and dedicated website for taxpayer information (RRF).	Establishment of a procedure for the adoption of tax interpretations (advanced tax ruling), by the end of the first half of 2026 (details not yet shared with COM).	Some Progress
1.5 Further improve the effectiveness and efficiency of its public administration by fully implementing the multi-level governance framework.	Effectiveness/Efficiency: Medium-term hiring plan complying with attrition rule. Wage bill (% of GDP) remains stable.	Multi-level governance: legal codification of local and regional development expected to be adopted in 2026 – enabling the operationalisation of the framework.	Some Progress
1.6 Pursue the ongoing reduction of the stock of non-performing loans held by banks and credit servicers by accelerating liquidation-related court proceedings.	E-auctions: Creation of the 'property's digital folder' to tackle information asymmetries. Adoption of legislation expediting process (e.g. on utility arrears).	Backlog of pending auction cases: Creation of new e-platform on bringing distant hearing dates of pending cases auctions-related cases earlier (operational by April	Substantial Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
	Backlog of pending auction cases: Adoption of legislation on case management and backlog reduction in enforcement proceedings, through amendments to the Code of Civil Procedure.	2026).	
3.1 Simplify regulation, improve regulatory tools and reduce administrative burden for companies by streamlining and digitalising administrative processes,	Expansion of digital public services (gov.gr, MITOS registry); upgrades and interoperability of public sector IT systems (property transfer, electricity connection, building permits); digitalisation of tax administration, improved access to information and taxpayer services for certain types of companies.	Simplification of licensing legislation for certain economic activities/ completion of the surveillance framework for businesses (RRF).	Some Progress
3.2 completing the regulatory frameworks for environmental licensing	Issuance of secondary legislation for more rapid processing of minor permit amendments in 8 out of 12 categories of investment activities; issuance of new classification for environmental permitting of onshore wind and photovoltaic power plants.	Issuance of legislation for defining criteria for substantive amendments in 4 remaining categories (including manufacturing).	Substantial Progress
3.3 and granting concession agreements on the seashore.			Limited Progress
3.4 Review and remove the high entry barriers to the exercise of professional services and to new entrants to product markets.	No measure taken to remove unnecessary barriers to entry and allow for more competition in legal, pharma, civil engineering professions and in retail trade.	Simplifying procedures for entering the activity of construction machinery operators; Study on competition focusing on selected product and service markets.	Limited Progress
3.5 Improve the governance of the national research, development and innovation system by reducing the fragmentation of research policy management and funding sources,	A National Strategy for Research, Technological Development and Innovation is underway pending validation and subsequent adoption.	Establishment of a dedicated Ministry of Research and Development.	Limited Progress
3.6 and by facilitating access to finance for start-ups and scale-ups, including developing local private equity and venture capital markets with state-sponsored initiatives to mobilise investment.	"Startup financing Golden Visa" scheme for non-EU/EEA investors. R&D tax deductions for startup-registered companies; Incentives for patent exploitation; Easier access to finance via angel investment incentives.		Some Progress
3.7 Streamline judicial proceedings and curtail their length by accelerating civil proceedings, adopting a code on alternative dispute resolution mechanisms, further revising the code of judges,	Implementation of the judicial map revision (civil/penal); Amendment of Code of Civil Procedure to accelerate administration of justice; Introduction of mandatory training of judges.	Code of alternative dispute resolution proceedings is under way and should enter into force by mid-September 2026.	Some Progress
3.8 and continuing efforts to accelerate the judicial resolution of disputes related to public procurement.	Several measures taken to expedite contract awards, including in pre- and judicial resolution of disputes. Professional certification requirements set for public procurement staff (RRF).		Substantial Progress
4.1 Developing non-fossil flexibility solutions, including demand-response and storage, which will contribute to making electricity prices more affordable;	Storage: Ministerial Decisions adopted in 2025 to set up the licensing framework to support standalone energy storage projects (part of RRF: 16990)	Greek authorities are planning legislative initiatives to complete the legal framework for storage.	Some Progress
4.2 recalibrating energy taxes to incentivise electrification;			Limited Progress
4.3 taking concrete steps to phase out fossil-fuel subsidies in particular in the industrial sector;			Limited Progress
4.4 and increasing the capacity of	Transmission networks: no specific		Some Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
electricity networks by streamlining the licensing process for new transmission networks and by improving the quality of the distribution network to reduce technical and non-technical losses.	action to streamline the licensing process, as EL's position is that these projects have accelerated licensing process. Interconnection of Crete to the mainland grid in 2025 is expected to significantly reduce the PSO account charges on the electricity bills. Distribution networks: steps have been taken to reduce non-technical losses, which are nonetheless estimated to be still significant (and above EU average).		
4.5 Accelerate the decarbonisation of the transport sector under a comprehensive strategy with reforms and investment in the shift to electric mobility, upgrading urban and inter-regional public transport, and improving railway infrastructure and operations, including by undertaking the short-term organisational reform work required and the accelerated deployment of the European Rail Traffic Management System on the railway network to improve interoperability, efficiency and safety.	Specific measures taken (a number supported by RRF), but no steps taken in terms of preparing a comprehensive strategy for EL's transport sector and how it could reduce its fossil fuel reliance. On rail, ongoing reforms are part of the RRP, but there will be certain reform actions that are likely not to be in place by mid-2026.		Limited Progress
4.6 Draw up a plan for climate-proofing key infrastructure, including the water supply;	No specific plans announced, including clearly assigning responsibilities of concerned ministries.		Limited Progress
4.7 reform the institutional framework to improve the capacity and accountability of local water service providers;	Through the national programme Antonis Tritsis, Greece has implemented several projects upgrading urban drinking water and wastewater infrastructures at municipal level. Insufficient administrative, managerial and financial capacity in this regard was highlighted in the 2025 CR.	Reform (part of RRF) expected to be in place by mid-2026 that will establish a strategy for the efficient and sustainable use of water resources and support the pilot integration of drinking and irrigation water services with expanded geographic and technical capabilities.	Substantial Progress
4.8 and take steps to increase private insurance coverage against natural disaster-related damages.	Implemented: Mandatory insurance for companies with turnover exceeding EUR 500.000 and mandatory insurance for vehicles. 10% property tax discount if the owner takes out a disaster insurance. Natural Disasters Private Insurance Observatory set up.	National strategy for private insurance against natural disasters planned but no timeline for it.	Some Progress
5.1 Increase the rate of women and vulnerable groups in work or looking for work, and help more young people find work by promoting more flexible work arrangements,	Adoption of Law 5239/2055 (greater flexibility around working time and hiring, especially for parents with children).		Limited Progress
5.2 expanding formal early childhood care and education	Implementation of the vouchers' scheme for childcare facilities and of the 'Nannies' scheme (ESF+)	Extension of vouchers scheme; and expansion of 'Nannies' scheme	Limited Progress
5.3 and long-term care,	Establishment of home health care and hospital-at-home systems for patients with chronic diseases;	Action Plan to be adopted in 2026; introduction of financial and non-financial incentives for nurses.	Limited Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
	Delivery of telemedicine stations and equipment (both RRF).		
5.4 reinforcing active labour market policies,	Implementation of several training and employment subsidy programmes for women, GMI recipients, young people and persons with disabilities; expansion of PES's digitalisation.	No announcement including as regards third- country nationals and Roma.	Some Progress
5.5 and tackling skill mismatches.	Large-scale training programmes (digital, green); Implementation of the 2022 lifelong learning reform is not full (yet ILAs, governance).		Limited Progress
5.6 Improve educational outcomes by enhancing continuous professional development for teachers, improving school autonomy, and expanding teacher evaluation.	Development of strategy for primary and secondary education; provision of digital tutoring to students; New evaluation framework of school units under design.	Implementation of 2026 OECD review; introduction of multiple textbooks in school year 2027-28.	Limited Progress
5.7 Address poverty and social exclusion by further increasing the effectiveness and efficiency of the social protection system.	GMI increase by 8%; introduction of prepaid cards for social allowances and of disability card; introduction of annual rent refund for vulnerable renters and of an annual allowance (EUR 250) for persons with disabilities and pensioners; completion of personal assistance pilot.	RRF: Rollout of personal assistance; accessibility interventions; digital training for elderly and persons with disabilities.	Limited Progress

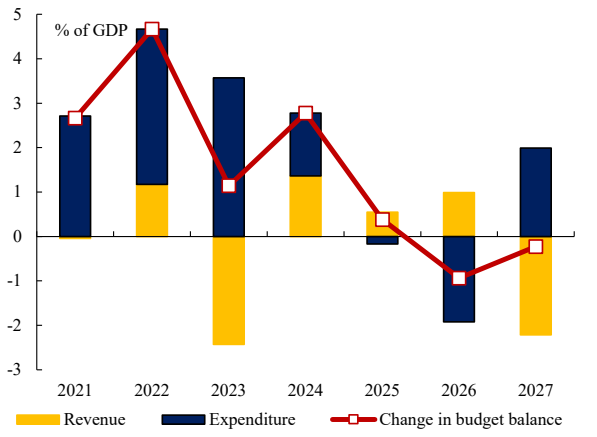
Source: Greece's reporting and Commission assessment

This annex discusses selected topics in public finances and developments on fiscal-structural CSRs addressed to Greece in July 2025. These include a call to reinforce defence spending and readiness, while implementing a fiscal strategy in line with the Council Recommendation of 21 January 2025. Greece was also recommended to continue efforts to improve tax compliance (including through further centralisation and digitalisation of customs and tax inspections) and the predictability of the tax system. Furthermore, it was recommended to further improve the effectiveness and efficiency of its public administration by fully implementing the multi-level governance framework (see Annex 7) and pursue the ongoing reduction of the stock of non-performing loans held by banks and credit servicers by accelerating liquidation-related court proceedings. On 21 January 2025, the Council adopted the Recommendation endorsing Greece's medium term fiscal structural plan for the period 2025-2028 ([46]). The plan includes a fiscal adjustment over four years. At the same time, the Council also activated the National Escape Clause (NEC) for Greece to facilitate the transition to higher levels of defence spending ([47]) ([48]).

Developments in government balance, debt and public expenditure ([49])

Greece is expected to maintain sound public finances, despite increasing spending pressures. The general government recorded a surplus of 1.7% of GDP in 2025, which, according to the Commission Spring 2026 Forecast, is projected to decline to 0.8% in 2026 and 0.6% in 2027. The gradual narrowing reflects expansionary measures, including tax reductions, higher public-sector wages, a means-tested rent refund and a permanent annual transfer for vulnerable individuals, aimed at easing cost-of-living pressures. Additional spending pressures stem from higher defence expenditure and temporary energy support measures adopted in response to the recent increase in fuel price. At the same time, stronger revenue performance, supported by continued progress in improving tax compliance and collection, is expected to partly counterbalance these spending increases. Greece's public debt-to-GDP ratio, which stood at 146.1% in 2025, is projected to decline further to around 134.4% by 2027, supported by nominal GDP growth and continued primary surpluses.

Graph A2.1: **Contributions to the change in the general government balance (% of GDP)**



Source: European Commission Spring Forecast

Public investment has expanded steadily since 2019, supported by the effective use of EU funds and growing national cofinancing. It is projected to increase from around 2.5% of GDP in 2019 to about 4.8% in 2026 (see graph A2.2), reflecting both sustained Recovery and Resilience Facility (RRF) inflows and a higher national cofinancing. As RRF support gradually declines after 2026, this does not mark a slowdown in investment activity. Instead, it coincides with the final phase of the 2021–2027 NSRF cycle, when spending typically accelerates as projects reach maturity and disbursements peak. At the same time, nationally financed expenditure continues to strengthen, alongside a steady contribution from defence spending. Additional EU instruments such as the Modernisation Fund and Social Climate Fund are expected to further support this sustained high level of public investment.

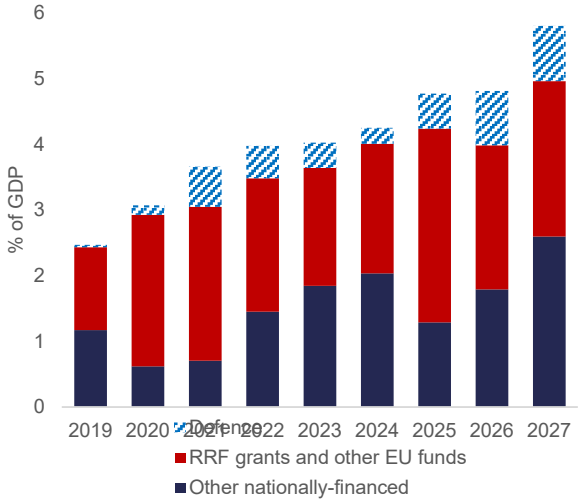
([46]) OJ C, C/2025/661, ELI: https://eur-lex.europa.eu/eli/C/2025/661/oj/eng.

([47]) OJ C, C/2025/3965, ELI: https://eur-lex.europa.eu/eli/C/2025/3965/oj/eng.

([48]) Compliance by Greece with the maximum growth rates of net expenditure recommended by the Council is assessed in COM(2026)200.

([49]) Figures underpinning fiscal surveillance (net expenditure growth) are provided in the Fiscal Statistical Tables (SWD(2026)200) providing background data relevant for the assessment of the budgetary policies of the Member States.

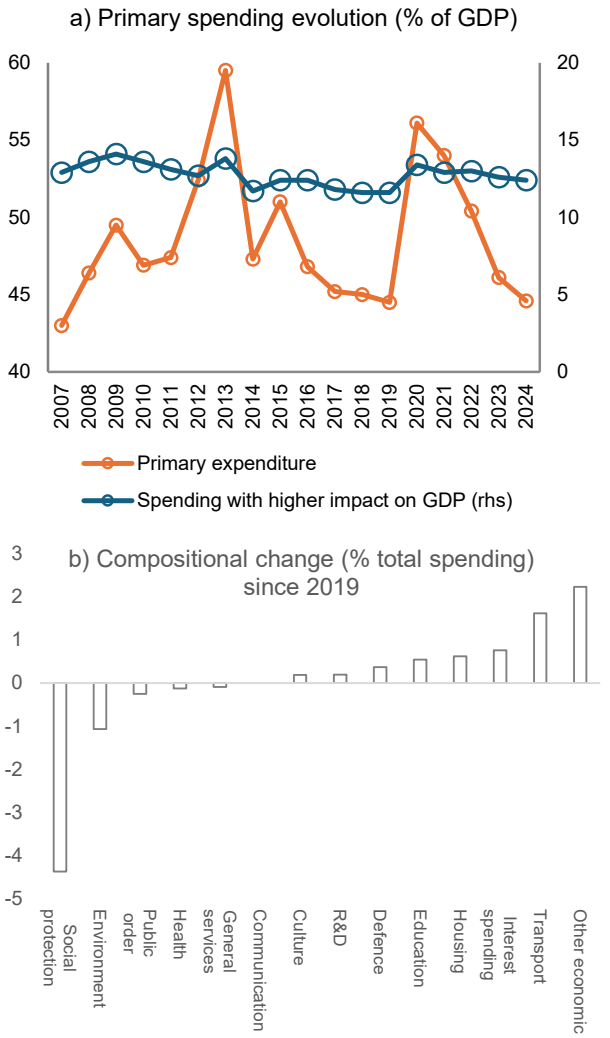
Graph A2.2: **Public investment evolution and composition (% of GDP)**



Source: Eurostat

While expenditure with a higher impact on GDP had remained broadly stable over three decades, it has slightly increased since 2019. This may be related with the impact of the RRF, facilitating a more quality-based fiscal strategy. Zooming in on the composition of spending, social protection accounts for the largest share of total expenditure (almost 40%), followed by general public services, health and economic affair above 10% of total spending. Since 2019, other economic and transport spending has increased strongly (See Graph A2.3). Spending on education, housing, culture, defence and R&D has risen more modestly, with the rise in defence spending reflecting recent security developments. However, despite these increases, Greece's spending on education remains among the lowest in the EU. At the same time, low levels of basic and digital skills continue to pose a major challenge for the education system, with implications for employment and competitiveness (see the Education Annex for further details). By contrast, spending on communication and health has declined. This trend deserves attention, as these categories are generally considered growth-friendly spending categories.

Graph A2.3: **Primary spending evolution and composition**



(1) Based on the Classification of the Functions of Government (COFOG data).*Note:*
Based on economic literature, the categories considered to have higher growth impact include education, R&D, health, transport and communication (See Barbiero and Cournede (2013), Gemmel et al. (2016), Lupu et al (2018), Cepparulo and Mourre (2020) and OECD (2025)).
Source: Eurostat.

The tax revenues as a share of GDP in Greece are in line with the EU average with the tax system being strongly reliant on consumption taxes. In 2025 Greece's total tax revenues as a percentage of GDP (including compulsory social security contributions) amounted to 40%, in line with the EU average of 39.9%. Total tax revenues are projected to decrease to 39.9% of GDP in 2026 and 39.3% of GDP in 2027 according to the

Table A2.1: **Supplementary pension schemes – Scope for expansion**

	Assets in 2024 (% GDP)	Gross replacement rate at retirement: (pps change 2025-2040)	Participation in 2024 (% working-age population)	
EL	1.1	*-6.3*	3.0	**EL**
EU	32.4	*-2.8*	55.9	EU

Source: European Commission.

Spring 2026 Forecast ([50]). The tax mix in Greece relies more heavily on consumption taxes (37.8% of tax revenues vs. EU average of 26.8%), and is less dependent on labour taxes (40.7% vs. EU average of 51.5%) (see Annex 3).

Cost of ageing

Total age-related spending in Greece is projected to rise by about 1 pp. of GDP by 2040, but to decline by 2070, compared to 2025 (see Table A2.2**).** The overall decline results from a projected fall in spending on pensions and, to a lesser extent, education, with healthcare spending expected to rise.

Public pension spending as a share of GDP is projected to rise somewhat in the coming decades but to decline in the longer term. Overall, by 2070, public pension outlays would fall by a little over 1 pp. of GDP, to 12% of GDP, which would be similar to the projected EU.

Supplementary pension schemes can enhance the resilience of the pension system by diversifying retirement income sources. In Greece, however, their uptake remains limited: by end-2024, private pension assets amounted to around 1% of GDP while participation covered around 3% of the working-age population ([51]). This coincides with rising medium-term public pension spending pressures and a projected decrease in the replacement rate by 6.3 pps. between 2025 and 2040 (Table A2.2 and A2.3) ([52]). In this context, in 2022 Greece introduced a new funded auxiliary scheme (TEKA), based on individual defined-contribution. TEKA is a public law entity operating outside the general government sector, while forming part of the national social security system. Participation is mandatory for new labour market entrants since 2022 and voluntary for certain individuals below the age of 35. While still at an early stage, with limited accumulated assets, TEKA represents a step towards the gradual development of funded pension savings and a broader diversification of retirement income sources over the medium to long term.

Public healthcare expenditure is projected at 5.2% of GDP in 2025 (below the EU average of 6.6%) and is expected to increase by 0.6 pps. by 2040 and by a further 0.2 pps. by 2070. Although overall spending remains relatively contained, the current structure of healthcare provision raises medium-to-long-term fiscal sustainability considerations. Healthcare spending continues to be concentrated in hospital care and pharmaceuticals, while primary and preventive services play a comparatively limited role (see Annex 15). At the same time, high out-of-pocket payments and uneven access to services point to inefficiencies in the allocation of resources, which may reduce the cost-effectiveness of public spending. With support from the RRF, the authorities have implemented

Table A2.2: **Projected change in age-related expenditure in 2025-2040 and 2025-2070**

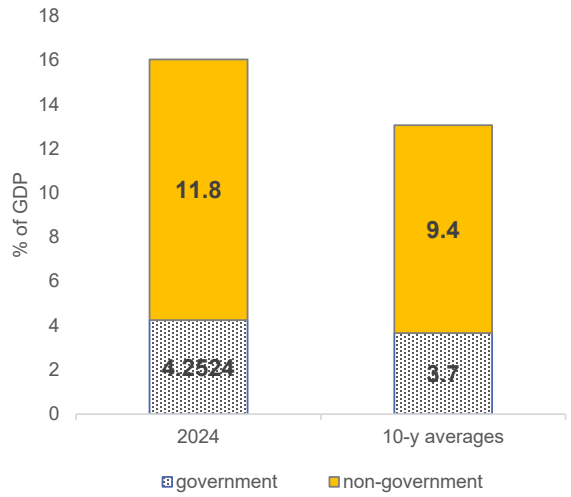
	ageing-related expenditure	change in 2025-2040 (pps GDP) due to: pensions	healthcare	long-term care	education	total	ageing-related expenditure	
EL	21.7	*0.5*	*0.6*	*0.0*	*-0.3*	***0.8***	22.5	**EL**
EU	24.3	*0.5*	*0.3*	*0.4*	*-0.3*	***0.9***	25.2	EU

	ageing-related expenditure	change in 2025-2070 (pps GDP) due to: pensions	healthcare	long-term care	education	total	ageing-related expenditure	
EL	21.7	*-1.2*	*0.7*	*0.0*	*-0.3*	***##***	21.0	**EL**
EU	24.3	*0.2*	*0.6*	*0.8*	*-0.3*	***1.3***	25.6	EU

Source: 2024 Ageing Report (EC/EPC).

reforms and investment aimed at strengthening primary care, prevention and digital health. These are contributing to rebalancing the system away from hospital-centred care and in reducing reliance on private spending, but impact has so far been limited. Ensuring that these investments translate into structural improvements in service organisation and spending efficiency will be important to contain future expenditure pressures.

Graph A2.4: **Investment breakdown**



Source: Eurostat.

Public expenditure on long-term care is projected to be 0.1% of GDP in 2025 (far below the EU average of 1.7%) and is expected to remain broadly similar by 2040 and 2070. The currently low level of public spending reflects the limited development of formal long-term care services, with care provision relying heavily on informal arrangements and a fragmented mix of public and private providers. As demographic ageing is set to increase the demand for long-term care services, this may create additional fiscal pressures. The adopted national strategy for long-term care is a step towards improving accessibility, affordability and quality of services in Greece. However, the Action Plan accompanying the national strategy is still under preparation.

NPLs and tax administration

Non-performing loans (NPLs) held by banks reached a historic low, while the resolution of remaining NPLs — now largely managed by servicers — has proceeded at a slow pace. Until mid-2025, banks primarily used portfolio sales and securitisations under the Hercules Asset Protection Scheme (HAPS) to decrease their stock of NPLs. This resulted in a historic low of 2.8% NPL ratio in the banking system, while it still remains above the EU average (see Annex 6). At the same time, the stock on NPLs owned by credit servicers increased due to the final round of securitisations under HAPS (i.e. inorganic workout of NPLs by banks via transfers of loans to credit servicers). The workout of the transferred NPLs to credit servicers is low, particularly due to the inability of prospective purchasers to assess the state of properties being auctioned and to excessive delays in court procedures relevant to the pre- and post- auction disputes, which discourage participation in the auction process.

Targeted amendments to the Code of Civil Procedure (CCP) in 2024 have been implemented under the RRF, to expand the information available on the auctioned assets in the e-auctions platform, while further amendments were introduced in 2025 to enhance and accelerate the resolution of enforcement-related disputes, as well as to include provisions for the creation of an e-platform for the rescheduling distant hearing dates. Additionally, the organic workout of NPLs (i.e. restructuring, etc.) is further enhanced by recent upgrades to the Out-of-Court-Workout Mechanism (OCW) platform, also funded by the RRF.

Tax administration reforms have delivered measurable improvements in revenue collection, but maintaining momentum will depend on continued action. In 2025, Greece received a CSR to continue efforts to improve tax compliance, including through further centralisation and digitalisation of customs and tax inspections and improve the tax system's predictability. Greece has made solid progress in improving tax administration and compliance in recent years, supported by the rollout of digital tools such as myDATA, electronic invoicing and risk-based audit systems. These efforts contributed to halving the VAT compliance gap, from 29% in 2017 to 11.4% in 2023 ([53]). Sustaining these gains beyond the RRF period will

([53]) European Commission, EU VAT Gap Report.

require continued investment in system maintenance (e.g. IT storage) and institutional capacity. Related to this, in particular as concerns tax inspections, a new General Directorate has been established at the Independent Authority for Public Revenue (IAPR), which integrates the Economic Crimes Enforcement Agency (SDOE). The addition of resources needed to carry out physical checks are expected to further strengthen the effectiveness of the inspections. Finally, IAPR is currently in the process of integrating new responsibility areas, including payment and control of farm subsidies, and the challenge will be to do it in a way that will not have an adverse impact of IAPR's organisational transformation and at the same time allow for improved management of the farm support provided by the EU to Greece.

Customs operations are in a transition phase, with the ongoing centralisation of customs inspections already yielding results, but there remains scope to expand and enhance effectiveness. Customs administration reforms are progressing with the centralisation of controls and inspections, which already seem to have a positive impact on overall revenue collection. However, the consolidation of customs services is ongoing and is expected to be completed in 2026, including for Thessaloniki. The completion of organisational reforms aimed at centralising customs checks are particularly relevant given the volume of trade ([54]) through key entry points such as the port of Piraeus ([55]). In this context, ensuring adequate inspection capacity and infrastructure will be important to facilitate effective customs operations and align operational capabilities with expanding responsibilities, including under the Carbon Border Adjustment Mechanism ([56]) and broader Schengen border coverage ([57]). In terms of key IT tools, the rollout of key surveillance systems, including inflow-outflow monitoring for fuel and tracking mechanisms for commercial vehicles and containers (supported by the RRF) are ongoing. Once fully operational, these systems would help strengthen enforcement and traceability.

Enhancing the predictability of Greece's tax system is key to improving revenue efficiency. Despite improvements in compliance, the VAT policy gap remains high at 57.1% in 2023 ([58]), the second highest in the EU and above the EU average of 50.5%. This gap is driven by reduced rates and exemptions, which constrain revenues and increase complexity to the tax system. Embedding evaluation of tax expenditures and assessment of their effectiveness, together with simplification of exemptions ([59]), could help close this gap by reducing number of tax expenditures, thereby supporting a more transparent tax framework.

National fiscal frameworks

The Hellenic Fiscal Council (HFISC) is a medium-sized IFI with a narrow mandate. It consists of endorsing macroeconomic forecasts and monitoring compliance with fiscal rules but has so far not performed fiscal sustainability analysis or policy impact quantification. However, with recently adopted changes to relevant legislation, the number of tasks has been expanded and some independence safeguards strengthened. It experiences some difficulties in recruiting staff with the appropriate skills, as remuneration is tied to public sector pay scales. The policy dialogue with the government and interactions with the parliament are not fully developed. HFISC is trying to enhance its outreach activities by employing one half-time communications expert and establishing a dedicated unit supporting the Chair.

Systematic spending reviews capabilities could improve the quality of public finances. However, during the first years of the financial crisis, spending reduction has been driven by financial conditionality rather than by systematic

([54]) Maritime vessels statistics - Statistics Explained - Eurostat, *"Greece recorded the largest number of vessel port calls in 2024".*

([55]) Eurostat, Top 5 ports for containers - gross weight of goods in containers handled in each port, [mar_qg_qm_pwhc] Top 5 ports for containers - gross weight of goods in containers handled in each port.

([56]) An EU policy established by Regulation (EU) 2023/956 that applies a carbon price to certain imported goods to prevent carbon leakage. More information: https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en.

([57]) Greece to start using EU Digital Entry/Exit System on 12 October 2025 - Embassy News Entry/Exit System (EES) - EES.

([58]) European Commission, EU VAT Gap Report.

([59]) OECD 2024 Economic Survey for Greece.

spending reviews. In addition, as the fiscal position is benign, the appetite to run more systematically spending reviews is reduced, while sectoral efficiency gains are possible.

Greece has established a structured framework for integrating green budgeting into its performance budgeting system. The Ministry of Economy and Finance has implemented a tagging methodology aligned with the six environmental objectives of the EU Taxonomy, now covering all central administration's programmes. Efforts are under way to extend tagging to revenue and tax expenditures, strengthen links with other green reforms such as green bonds, and report end of year results. Remaining priorities include finalising the methodology for revenue-side tagging (listing), strengthening the use of environmental indicators, and extending the green criteria across the full budget cycle, including ex-post evaluation. The newly developed IT system 'GOVERP' is being developed in this direction, in the context of the RRF, and aims to support data collection, evaluation, and reporting for green budgeting and beyond.

Accrual accounting improves transparency over a public body's financial position and performance and can support sustainability and intergenerational equity. Most (14) Member States have implemented accrual accounting across the general government sector and a further five, including Greece, are set to do so by 2030 ([60]). However, currently Greece still lags behind the EU average (see Table A2.3) ([61]). Greece is implementing a major accounting reform and transition to accrual accounting, aligned with IPSAS, launched in January 2026 for the General Government Entities, except for Central Administration, and from January 2027 for Central Administration. January 2027 marks, also, the execution of the budget entirely via the govERP IT system. Furthermore, as a milestone in the context of the RRF, Greece prepared (December 2025) the first consolidated financial statements of the General Government for the 2023 reporting period which includes a total of 344 entities across all subsectors of General Government (i.e. Central Administration local government, social security funds, public hospitals and other public entities).

Table A2.3: **Fiscal governance database indicators**

2024	Greece	EU Average
Country Fiscal Rule Strength Index (C-FRSI)	11.23	14.81
Medium-Term Budgetary Framework Index (MTBFI)	0.87	0.72
2025 Public accounting maturity of general government	21%	65%

(1) The Country Fiscal Rule Strength Index (C-FRSI) shows the strength of national fiscal rules aggregated at country level, based on i) the legal basis, ii) how binding the rule is, iii) monitoring bodies, iv) correction mechanisms, and v) resilience to shocks. The Medium-Term Budgetary Framework Index (MTBFI) shows the strength of the national MTBF based on i) coverage of the targets/ceilings included in the national medium-term fiscal plans; ii) connectedness between these targets/ceilings and the annual budgets; iii) involvement of the national parliament in the preparation of the plans; iv) involvement of independent fiscal institutions in their preparation; and v) their level of detail. A higher score is associated with higher rule and MTBF strength.
The score for public accounting reflects the degree of maturity in relation to the International Public Sector Accounting Standards (IPSAS). Countries with an accounting maturity of 70% or more in relation to IPSAS are deemed to apply accrual accounting. For more information, see the report on public accounting in the EU (COM(2025)746 and accompanying Staff Working Document SWD(2025)396).
Source: Fiscal Governance Database, European Commission

Efforts continue to strengthen the management of public investment in Greece. In September 2024, Greece adopted a simplified legislative framework (i.e. the Public Investment Development Programme (PIP) Law (Law 5140/2024)), which introduced an integrated planning framework for EU-financed and nationally-financed investment; a rolling 10-year investment plan; mechanisms for project tracking, performance evaluation and transparency in resource allocation, as well as digital tools (such as *e-pde*) to improve real-time tracking of project execution. While an ex-post review of the PIP implementation and goals will be carried out every five years, asset registers are not maintained at the central level.

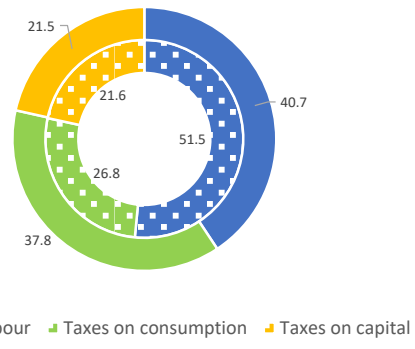
([60]) Report on public accounting in the EU (COM(2025)746 and accompanying Staff Working Document SWD(2025)396). Countries with an accounting maturity of 70% or more in relation to International Public Accounting Standards are deemed to apply accrual accounting.

([61]) Annexes 3.1 and 3.4 of SWD(2025)396.

This annex provides an indicator-based overview of Greece's tax system. It includes information on the tax mix, on competitiveness and fairness aspects of the tax system, and on tax collection and compliance. On tax, the 2025 CSRs for Greece stressed the need to continue improving tax compliance, including by further centralising and digitising customs and tax inspections and making the tax system more predictable. The recommendations also highlighted challenges in recalibrating energy taxes to incentivise electrification and taking concrete steps to phase out fossil-fuel subsidies in particular in the industrial sector.

Greece's tax revenues as a percentage of GDP were slightly above the EU aggregate in 2024. The tax-revenue-to-GDP ratio in Greece increased from 38.9% to 40.0% in 2024, which is just above the EU average (39.4%). This ratio increased from 32% of GDP in 2010 until 2016, reaching a stable level around the European average. Compared with 2023, in 2024, revenues from labour and capital taxes slightly gained weight at the expense of those from consumption, which were down 1.3 percentage points (pps). Revenues from property taxes (2.6% of GDP) also exceeded the EU average in 2024 (1.8% of GDP). This was particularly the case for recurrent taxes from immovable property (1.9% of GDP, compared with 0.9% for the EU average).

Graph A3.1: **Tax revenue by economic function in 2024, EL (outer ring) and EU-27 (inner ring)**



Source: Taxation Trends Data, DG TAXUD

Although Greece's environmental taxation is high, some reforms need to be completed. Despite the decline recorded in previous years, revenues from environmental taxes in Greece reached 3.8% of GDP in 2024, still among the highest shares in the EU. The effective rate of carbon taxation (EUR 86.73/tonne of CO_2) was 2 pps above the EU average in 2023. Revenues from both energy and transport tax as a percentage of GDP in Greece are significantly above the EU average. See Annex 9 for further information on Greece's efforts to recalibrate energy taxes to incentivise electrification and phase out fossil-fuel subsidies in the industrial sector in particular.

In Greece, the standard corporate income tax (CIT) rate is relatively low and very close to the effective CIT rate. In 2025, the corporate income tax rate was 22% for all entities with the exception of credit institutions opting for the deferred tax assets regime, which were subject to a rate of 29%. The standard CIT rate was the same in 2024, when the forward-looking effective average tax rate was 21.6%. For 2022-2030 Greece set up a strategic investment framework for green and digital projects (e.g. renewables, circular economy, and cleantech manufacturing) which provides for accelerated depreciation and corporate tax exemptions. Other 'green' incentives include accelerated depreciation for charging facilities for low-emission transport and recycling, energy efficiency, water saving upgrades, and 200% deduction on energy efficiency, environmental protection and digitalisation expenses of SMEs.

Greece is fostering R&D through tax deductions and patenting incentives. All expenses for scientific and technological research can be deducted from the gross income of companies at the time of their realisation. From 2025, tax deduction was increased to 150% for expenses related to collaborations with companies in the national startup registry, recognised research centres and universities, and for the depreciation of research equipment and instruments. This benefit was increased to 215% for SMEs. Under some conditions, profits derived from the exploitation of an internationally recognised patent are also exempt from income tax for up to three consecutive years.

For 2026, Greece is committing to facilitating access to finance for start-ups and scale-ups through projects implemented under the EU's ERDF, Cohesion Fund and ESF+ programmes. 'These projects will also support the development of technology transfer office networks across universities and research centres. Deductions from taxable income of up to 50% were introduced in 2025 for individuals investing

Table A3.1: **Taxation Indicators**

		Greece					EU-27				
		2019	2022	2023	2024	2025	2019	2022	2023	2024	2025
Tax structure	Total taxes (including compulsory actual social contributions) (% of GDP)	39.1	40.9	38.8	40.0		39.9	39.7	39.0	39.4	
By tax base	Taxes on labour (% of GDP)	16.9	16.3	15.5	16.3		20.6	20.1	19.9	20.3	
	of which, social security contributions (SSC, % of GDP)	12.0	12.2	11.2	11.7		13.0	12.7	12.7	13.0	
	Taxes on consumption (% of GDP)	15.1	17.0	15.2	15.1		11.2	10.9	10.5	10.6	
	of which, value added taxes (VAT, % of GDP)	8.3	9.0	8.8	9.0		7.1	7.4	7.1	7.1	
	Taxes on capital (% of GDP)	7.2	7.6	8.2	8.6		8.1	8.7	8.5	8.5	
Some tax types	Personal income taxes (PIT, % of GDP)	5.9	5.5	5.9	6.6		9.6	9.4	9.3	9.6	
	Corporate income taxes (CIT, % of GDP)	1.9	2.2	2.7	3.0		2.6	3.2	3.2	3.1	
	Total property taxes (% of GDP)	3.3	3.0	2.7	2.6		2.2	2.1	1.9	1.8	
	Recurrent taxes on immovable property (% of GDP)	2.4	2.1	2.0	1.9		1.2	1.0	0.9	0.9	
	Environmental taxes (% of GDP)	4.2	5.6	4.1	3.8		2.6	2.1	2.1	2.1	
	Effective carbon rate in EUR per tonne of CO_2 equivalents	na	na	86.7	na		na	na	84.8	na	
Progressivity & fairness	Tax wedge at 50% of average wage (single person) (*)	32.5	29.6	29.6	29.6	28.9	32.4	31.6	31.5	31.5	31.6
	Tax wedge at 100% of average wage (single person) (*)	37.4	34.5	35.0	35.6	35.4	40.1	39.7	39.9	39.9	40.0
	Corporate income tax - effective average tax rates (1) (*)	23.5	21.6	21.6	21.6		20.0	19.2	19.0	19.3	
	Difference in Gini coefficient before and after taxes and cash social transfers (pensions excluded from social transfers) (2) (*)	4.2	4.0	4.5	3.5		7.8	8.0	7.9	7.8	
Tax administration & compliance	Outstanding tax arrears: total year-end tax debt (including debt considered not collectable) / total revenue (in %) (*)	191.5	190.6	159.0	na		31.8	32.6	30.7	na	
	VAT gap (% of VAT total tax liability, VTTL) (**)	24.0	12.4	11.4	9.0		10.5	7.3	8.2	na	

(1) Forward-looking effective tax rate (KPMG).
(2) A higher value indicates a stronger redistributive impact of taxation.
(*) EU-27 simple average.
(**) Forecast value for 2024. EU-27 refers to the median value. For more data on tax revenues as well as the methodology applied, see the Data on Taxation Trends webpage.
Source: European Commission, OECD, ISORA.

in start-up companies or in closed-end funds. Their recent introduction means the impact of these measures cannot yet be fully assessed; it will depend on their effective implementation and take-up (see Annex 4).

Greece's labour tax burden is below the EU average for all income levels. The labour tax wedge in 2025 was lower than the EU average for single workers at different earnings levels as well as for second earners earning 67% of the average earnings ([62]). The redistributive impact of the tax-and-benefit system is comparatively limited. In 2024, Greece's tax and benefit system reduced income inequality, as measured by the Gini coefficient, by an average of 3.5 points, compared with an EU average reduction of 7.8 points (Table A19.1) ([63]).

Disincentives in the tax and benefit system for unemployed to take up work remain, especially at the lowest wage levels. The JRC's recent EUROMOD simulations show that Greece has sizeable participation tax rates (PTR) ([64]). In 2025, the PTR for employees averaged across the whole income distribution was 62.6% ([65]), mainly due to a combination of significant benefit withdrawal (41%) and social insurance contribution (14%). In addition, the PTR was above 70% for the first quintile and decreasing in the others, reflecting strong unemployment protection for low incomes. In

([62]) The tax wedge is an indicator of the tax burden on labour that can be assessed at various levels of earnings. It is defined as the sum of personal income taxes, employee and employer social-security contributions and other mandatory contributions, expressed as a percentage of total labour costs (composed of the net wage, personal income tax, social security contributions, and other mandatory contributions). Tax wedge data in the 2026 country reports are calculated by the Joint Research Centre of the European Commission and based on the EUROMOD model, while in the past country reports they were based on the OECD tax and benefit model. While the underlying methodology is very similar, differences in the assumptions can lead to different results between both models.

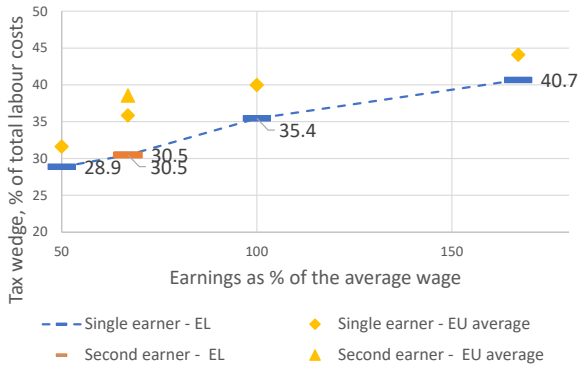
([63]) The Gini coefficient measures the extent to which the distribution of income within a country deviates from a perfectly equal distribution. A coefficient of 0 expresses perfect equality where everyone has the same income, while a coefficient of 100 expresses full inequality where only one person has all the income.

([64]) PTR shows the share of earnings effectively "taxed away" when moving from unemployment to employment, due to the combined effect of foregone benefits and higher taxes or contributions.

([65]) Unweighted average across EU27 countries was 54.1%. See Annual Report on Taxation 2026 by European Commission for a broader discussion on work incentives in EU27 (forthcoming).

practice, potential withdrawal of means-tested benefits after a certain income threshold drives lower work incentives for the first quintile.

Graph A3.2: **Tax wedge for single and second earners as a % of total labour costs, 2025**



Note: The second earner tax wedge shows a household's tax wedge resulting from the wage that a second earner taking up a job at 67% of the average wage receives. It does not show the total tax wedge of the household. The household is assumed to have a first earner at 100% of the average wage and no children. For the methodology of the tax wedge for second earners, see OECD (2024), Taxing Wages 2024.
Source: European Commission

In 2026, Greece introduced significant changes in personal income taxation (PIT), which are expected to further reduce the tax burden on labour across several income brackets. From 1 January 2026, tax rates are reduced by 2 percentage points across most brackets for individuals earning over EUR 10 000 per year, lowering the tax on middle-income earners. This reform also introduces a new intermediate rate of 39% for incomes between EUR 40 000 and EUR 60 000, with the top rate of 44% reserved for incomes above EUR 60 000. The Greek government has also implemented targeted tax relief for families with dependent children, with progressively lower rates in the lower income brackets and zero tax up to EUR 20 000 for households with four or more children. Furthermore, the reform includes tax incentives for younger workers. Individuals up to 25 years old pay no income tax on income up to EUR 20 000, and reduced rates apply for those aged 26–30.

The fiscal cost of the personal income tax reform is estimated at EUR 1.2 billion in 2026 and EUR 1.6 billion in 2027, with approximately 4 million taxpayers expected to benefit. Other measures aimed at strengthening pensioners' income are projected to cost around EUR 629 million in 2026. Additional structural measures could mitigate the fiscal drag, which has been increasing in recent years.

The Greek government adopted tax measures in the area of housing. Under Law 5246/2025, Greece adopted additional measures to improve housing affordability, for example by rationalising the property income tax scale. It also extended the 3-year tax exemption for natural persons' income from letting immovable property previously declared as vacant or provided for short-term rental (see also Annex 16 on housing).

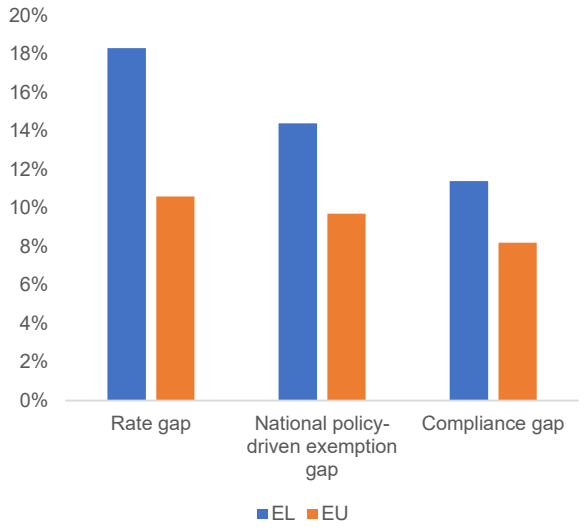
Greece foregoes considerable revenues due to tax expenditures (TEs). Greece's comprehensive reporting published yearly as an annex to the national budget estimates this at 33% of total government tax revenues and the Global Tax Expenditures Database put it at 7.78% of GDP in 2024 (6.87% in 2023). The size of tax expenditures has implications for revenue efficiency and affect the overall complexity of the tax system. For 2024, a total of 1 236 cases of tax expenditures were recorded, totalling EUR 22.88 billion of foregone revenue. Of these, 1 033 related to specific taxes and 203 to general exemptions, some of which are also included in the specific tax expenditures. The most prominent expenditures relate to capital taxation (property and inheritance taxation) (EUR 9.10 billion), PIT (EUR 4.95 billion), CIT (EUR 5.80 billion), excise duty (EUR 1.0 billion) and VAT (EUR 1.0 billion). European Commission VAT-related estimates ([66]) show an actionable VAT policy gap in Greece of 36.1%, above the EU average of 27.2%. The VAT rate gap in 2023 amounted to EUR 9.4 billion or 18.3% of the notional ideal revenue (EU estimate 12.3%) (see graph A.3.3).

Greece has a well-established workstream for monitoring and reporting TEs and a formal tax gap team estimates compliance gaps ([67]). An annual report on tax expenditures by category, beneficiary group and foregone revenue accompanies the State budget ([68]), but there is no formal mechanism for evaluating their effectiveness, despite the fact that numerous tax

([66]) European Commission: Directorate-General for Taxation and Customs Union, Syntesia, CASE, Intellera, Poniatowski, G. et al., VAT gap in Europe – Report 2025, Publications Office of the European Union, 2025.
([67]) These estimates are not publicly disclosed and are used for internal purposes of the tax administration.
([68]) In accordance with Article 75(5) of Law 4270/14.

expenditures can complicate the tax system and should be well targeted. A formal tax gap team was established in March 2025 to produce estimates for VAT, CIT, PIT and revenue from tobacco products.

Graph A3.3: **VAT gap indicators, 2023**



The rate gap and the national policy-driven exemption gap are two dimensions of the actionable VAT policy gap and are measured as percentages of notional ideal revenues. The compliance gap is measured as a percentage of VAT total tax liability. EU refers to median values.
Source: European Commission, Directorate-General for Taxation and Customs Union, VAT gap in the EU - 2025 report

Greece is working to bring its VAT and PIT compliance gaps closer to the EU average. It is also undertaking digitalisation ([69]) and centralisation reforms funded by the recovery and resilience plan ([70]) and relevant legislative measures ([71]). The VAT compliance gap decreased steadily and significantly between 2019 and 2023 (by approximately 13 pps). In 2023, Greece had an estimated VAT compliance gap equivalent to EUR 2.5 billion or 11% of the VAT total tax liability, compared to the EU average of 9.5%. Meanwhile, European Commission estimates suggest a CIT compliance gap in Greece at approximately 7.7% of collected CIT revenues in 2015 below the EU average of 10.9% ([72]). No precise percentage is published for the overall PIT gap.

However, indirect indicators such as audit outcomes and underreporting trends suggest that personal income tax non-compliance remained high from 2018-2022. This applies in particular for the self-employed and sectors characterised by cash-based transactions and weaker third-party reporting ([73]). There are indications that the situation has recently improved as the declared gross income from self-employed ([74]) doubled in 2023 and 2024.

Greece has made significant digitalisation efforts. Greece has developed a strategy for digital transformation and digital culture which is overseen by a senior management governance body, including the identification of future skills requirements for the tax administration ([75]). Yet challenges could arise following the integration of the staff from the Agricultural Support and Payments Agency (OPEKEPE) and the General Directorate of Financial and Economic Crime Unit (S.D.O.E.).

The high e-filing rate in Greece indicates good progress with digitalisation and likely a lower compliance burden for Greek taxpayers than the EU average. Greece has high e-filing rates ([76]) for CIT (99.9% vs EU average of 97.1%), PIT (98.5% vs EU average of 87.1%) and VAT returns (100% vs EU average of 99.2%. Projects supported under the RRF have reinforced this trajectory. Additional measures announced, such as the introduction of digital delivery documentation and a new digital platform for the property ownership and management register are set to improve tax compliance and reduce opportunities for underreporting.

([69]) These include the roll-out of mandatory e-invoicing and digital bookkeeping (myDATA, used for both VAT and income tax purposes), the development of integrated audit and risk assessment tools, the upgrade of data infrastructure and the introduction of enhanced third-party obligations.
([70]) For example, the merger of the three Piraeus customs offices, the operation of the large taxpayers audit centre consolidating the large enterprises audit centre and the high wealth individuals audit centre and the establishment of the monitoring of audits through the operations control room.
([71]) Such as the amendment of the deadline for the submission of VAT returns monthly for newly established businesses and the establishment of a rebuttable system of deemed income for self-employed.
([72]) Corporate Income Tax Gap. Towards a common European approach to measuring losses in corporate tax revenues. Final Report. The estimation is based on 2015 revenues and the EU (unweighted) average is based on available estimates for 23 Member States.
([73]) DG TAXUD, 'Mind the Gap Report', Country report for Greece.
([74]) According to the national authorities, from 2018 to 2022, declared gross income fluctuated between EUR 3.3 billion and EUR 5.1 billion. For 2023, EUR 10.4 billion was declared and EUR 10.8 billion for 2024.
([75]) OECD, Forum on Tax Administration, Tax Tech.
([76]) International Survey on Revenue Administration data.

However, some challenges remain. On tax collection, on-time payments are at 89.9% for CIT, 75.6% for PIT and 89.4% for VAT. Outstanding tax arrears remained among the highest in the EU at 159% (vs EU average of 30.7%). The percentage of collectible arrears compared to total arrears remained high over the years 2018 to 2023 although there was a small decrease (from 81.6% to 75.2%). Although the relevance of additional revenues raised from audits is more prominent for Greece ([77]), the tax administration has relatively few staff ([78]), particularly in audit posts (22% of full-time equivalents vs EU average of 32%).

([77]) 3.87% of total net revenue in 2018 vs EU average of 2.77% and 2.59% of total revenue in 2023 vs EU average of 1.69%.

([78]) European Commission, DG TAXUD, 'Mind the Gap Report', Country report for Greece on the basis of data from the ISORA Database.

Although Greece's science base shows a positive trend, the country still faces challenges in boosting its innovative ecosystem. According to the 2025 European Innovation Scoreboard ([79]), Greece is ranked as a 'moderate innovator', performing at 75.8% of the EU average. Its performance since 2018 has been increasing at a rate higher than that of the EU. Research and development (R&D) intensity ([80]) has been steadily increasing over the last decade and reached 1.54% in 2024 but remains significantly below the EU average (2.24%). For Greece, the 2025 country-specific recommendations (CSR) highlighted challenges in improving the governance of the national research, development and innovation system as well as access to finance for start-ups and scale-ups. Alongside improving the effectiveness and efficiency of research and innovation (R&I) funding through better R&I governance, Greece would benefit from a long-term commitment to ensuring sustainable and continuous public R&D investment to boost scientific performance. There is still a lack of private investment in R&D, hindering productivity growth in the private sector. Digital transformation remains a challenge in Greece, with small and medium enterprises' (SMEs) digital maturity well below the EU average despite progress, and low adoption of advanced technologies compared to the EU as a whole.

Excellent science

Greece's science performance remains solid, although more efforts are needed to fully realise the country's research potential. Greece's robust public science base is supported by public sector expenditure on R&D which has grown strongly over the longer term (see table A4.1.) However, this growth has stalled in recent years (2020-2023) and fell below the EU average in 2024 (0.69% in Greece vs 0.72% EU average). Reform and investment efforts, particularly through the recovery and resilience plan (RRP) and ERDF-funded programmes, are expanding research infrastructure and boosting both basic and applied research. These investments are strengthening the foundations of Greece's R&I ecosystem. However, the quality of research outputs - measured by the proportion of scientific publications within the top 10% most-cited publications worldwide - remains just below the EU average (9.3 vs an EU average of 9.44) and while it has increased year to year, it has broadly stagnated over the past decade. Further efforts are needed to progressively improve the performance and long-term sustainability of national research institutions, improve the recruitment and retention of highly skilled and early-career researchers and speed up the evaluation and project selection process ([81]). Moreover, the absence of a long-term strategy for sustainable and continuous R&I financing beyond the RRP period poses a structural risk ([82]), underlining the need to ensure continuity in funding and policy support.

Improved research performance requires better R&I governance and less administrative burden. A key challenge is to ensure that the substantial inflows of EU and national funding translate into effective and sustainable results. Research policy management and funding sources remain fragmented across several ministries, the General Secretariat for Research and Innovation, the Hellenic Foundation for Research and Innovation and the regional R&I authorities. In addition to frequent changes, coordination among these policy advisory and management bodies has been inadequate. Complex laws and regulations further contribute to high bureaucratic burdens, including slow evaluation procedures and excessive administrative requirements, which impede research activities ([83]). In line with the 2025 CSR on improving the governance of the national research, development and innovation system by

([79]) EC (2025): European Innovation Scoreboard Greece: provides a comparative analysis of innovation performance for EU countries, including the relative strengths and weaknesses of their national innovation systems.

([80]) Eurostat. R&D intensity is defined as gross domestic expenditure on R&D as a percentage of GDP.

([81]) EC (2023): Support to Greece in the implementation of PSF country recommendations – final report.

([82]) The share of RRF R&I allocation over government budget allocation on R&D (GBARD) between 2021 and 2023 was 27%. Study on the R&I measures in the Recovery and Resilience Facility - Publications Office of the EU.

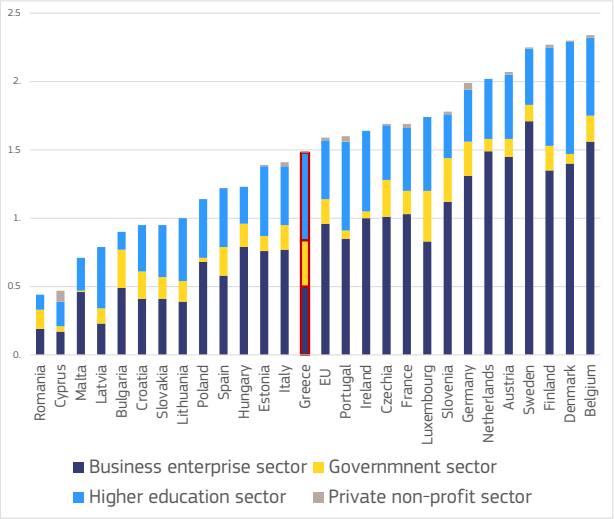
([83]) EC (2023): Support to Greece in the implementation of PSF country recommendations and OECD Economic Surveys: Greece 2024.

reducing the fragmentation of research policy management and funding sources, the government has announced plans to set up a dedicated Ministry of Research and Development, and a project is underway to validate the national strategy for research, technological development and innovation ([84]). However, the implementation timeline and the funding arrangements are not yet clear, and further reform efforts will be needed to reduce administrative burden and simplify the regulatory framework.

Business innovation

Business innovation performance shows moderate growth and requires increased private investment and improved innovation diffusion to SMEs. Business expenditure on R&D reached 0.85% in 2024, up steadily since 2010, but remains significantly below the EU average (1.49%). The business sector is dominated by micro and small firms and many of them are failing to increase their productivity and to adopt new technologies. Sectors with typically low value added per worker, such as agriculture and tourism, make up a large part of Greece's economy ([85]). Moreover, the size of and value added in medium- to high technology manufacturing remain below EU averages ([86]) (see also Annexes 5 and 19). This is also reflected in low innovation outputs, with only 0.63% of patent applications per billion of GDP compared to the EU average of 2.81% in 2022 (see table A4.1) ([87]). Only 31% of full-time equivalent researchers work in companies (56.6% in the EU, 2023, graph A4.1), indicating a weak integration of research activity within the private sector. Private-sector R&D would benefit from sustained investment, targeted support for SME innovation and stronger public-private collaboration.

Graph A4.1: **Share of R&D personnel and researchers in total employment (%), as full time equivalent, 2024**



Source: Eurostat

Public support for private R&D has increased markedly, but further improvements can help increase its effectiveness. Direct and indirect government support for business R&D showed substantial increases between 2015 and 2023. Business enterprise expenditure on R&D financed by the public sector (national and abroad) as a percentage of GDP reached 0.15% (EU average 0.10%). R&D tax incentives (foregone revenues as a percentage of GDP) stood at 0.02% in 2023, up from 0.01% in 2015, although they still lag significantly behind the EU average (0.1%). In 2025, Greece introduced further enhancements under Law 5162/2024 to strengthen tax incentives for R&I. These include higher deductions for R&D expenses – for example, up to 250% for collaborative projects and up to 315% for knowledge-intensive SMEs. The impact of these reforms on the low uptake of R&D tax incentives remains to be seen. Further improvements could ensure easier access and increased awareness, particularly for small businesses. The public support system for business innovation requires close monitoring to assess its effectiveness and efficiency, and an external assessment of the system could provide recommendations to strengthen the policy mix for the innovation ecosystem.

Science-business linkages have improved, but continuous efforts could help boost technology transfer and commercialisation of research. Despite Greece's solid research base, better science-business linkages have historically

([84]) Greece Draft Budgetary Plan 2026, Greece | DBP 2026.

([85]) OECD (2024), OECD Economic Surveys: Greece 2024.

([86]) The value added in medium- to high-tech manufacturing in Greece as percentage of total value added stands at 2% compared to the EU average of 5.21% in 2024.

([87]) As measured in patent applications filed under the Patent Cooperation Treaty per billion of GDP (in purchasing power standards/PPS EUR).

been a challenge. However, recent support programmes have begun to address these gaps, contributing to increased collaboration as reflected by the number of public-private scientific co-publications as a percentage of total publications (9.01% vs the EU average of 7.62% in 2024). Greek universities and public research centres have been steadily increasing their entrepreneurial activity in recent years, reflecting a growing but still modest level of technology commercialisation ([88]). The EU-supported action 'Research – Innovate 2021–2027' boosts technology transfer by funding the establishment and strengthening of technology transfer offices, including staffing, patenting activities and other services that help research organisations commercialise their results. This support is much needed as technology transfer offices reportedly continue to face challenges, including inadequate or irregular funding, limited staff and specialised skills, and weak engagement with industry ([89]).

Digital transformation of businesses remains a challenge for Greece. The digitalisation of SMEs in Greece is progressing from 43.26% of SMEs in 2023 having at least a basic level of digital intensity level, to 55.95% in 2025. However, it remains significantly lower than the EU average of 71.39%. Businesses overall are also lagging behind in the adoption of key digital technologies, such as artificial intelligence (AI), cloud computing and data analytics. In 2025, 8.93% of enterprises in Greece were using AI technology, while the EU average was at 19.95%. Implementing the measures in the RRP will help address the need for technology adaptation of businesses, such as the digital tools for SMEs programmes. For AI, Greece is hosting one of the EU's 19 new AI factories. The Pharos project aims to create an AI ecosystem in the country bringing together academia, research, the public sector and private enterprises, including start-ups and SMEs, to accelerate AI innovation, development and application.

([88]) Found.Ation (2025): Startups in Greece 2024-2025 Report.

([89]) Sachini, E., Sioumalas-Christodoulou, K., Chrysomallidis, C. et al. Mapping the Technology Transfer Offices in Greece: Initial Outcomes Concerning Medical and Health Technologies and Next Steps. *J Knowl Econ* 15, 16060–16095 (2024). https://doi.org/10.1007/s13132-023-01715-w.

Entrepreneurial dynamism

Greek start-ups benefit from a growing ecosystem, but hurdles persist. Greece's startup and scale-up landscape has been expanding, supported by a more dynamic tech ecosystem, growing entrepreneurial activity and increasing interest from investors in areas such as digital services, green technologies and health innovation. In 2024, more than 90 companies were funded with over EUR 555 million (15% increase compared to 2023) ([90]). While young firms benefit from stronger networks, talent returning from abroad and programmes such as Elevate Greece, a database registry intended to identify promising start-ups and help them grow, challenges persist. These include access to financing.

Access to finance remains a key constraint, also for scale-ups. In 2024, venture capital investment stood at around 0.016% of GDP, well below the EU average of about 0.063%. While access to finance at the seed stage is broadly in line with EU peers, funding constraints persist in the startup and scale-up stages, limiting firms' growth potential (see table A4.1). While local private equity and the growth venture capital market are not developed, state-sponsored initiatives have had some success in mobilising investment ([91]) (see also Annex 5 and Annex 6). In line with the 2025 CSR on facilitating access to finance for start-ups and scale-ups, since 2025 the government has extended other support measures. These are: (i) a new 'startup financing Golden Visa' scheme ([92]), (ii) startup-registered companies can benefit from expanded R&D tax deductions (up to 250-315% in favourable cases), (iii) incentives for patent exploitation ([93]), and (iv) easier access to funding via angel investment incentives ([94]). Given their recent introduction, the

([90]) Found.Ation (2025): Startups in Greece 2024-2025 Report.

([91]) EC (2025): Country Report- Greece.

([92]) Starting January 1, 2025, a residence permit in the form of a Golden Visa is granted for investments of EUR 250 000 in startup companies that are members of the National Startup Registry (Elevate Greece).

([93]) The patent box system allows for full tax exemption on profits from patents for three years, then reduced rates for seven years.

([94]) Found.Ation (2025): Startups in Greece 2024-2025 Report.

impact of these measures cannot yet be fully assessed and will depend on effective implementation and take-up Moreover, access to finance for scale-ups remains challenging.

Greece has begun building an innovation-friendly regulatory environment, but practical uptake remains limited. Greece has introduced several tools to support innovation-friendly regulation, including the Bank of Greece's regulatory sandbox for financial technology firms ([95]) and the Hellenic Competition Commission's sandbox for sustainable development and competition ([96]). Updated public procurement rules have anchored innovative procurement in sectoral policies and there are some EU-funded financial incentives to encourage public procurers to undertake more innovation procurements. However, the policy framework is still in the early stages, with no dedicated action plan, spending target, monitoring system or personal incentives to motivate public buyers. Having implemented just one third of the policy measures to draw up a comprehensive policy framework for innovation procurement, the policy framework in Greece still requires significant reinforcement to realise its full potential ([97]).

Expanding the skilled workforce is vital for Greece's innovation ecosystem. The proportion of the population aged 25-34 who have successfully completed tertiary education in 2024 reached 44.5% (EU average 44.2%) and the number of graduates in the field of computing per thousand population aged 25-34 has steadily increased to 3.14 (the EU average was 3.84 in 2024). At the same time, the percentage of ICT specialists out of total employment is the lowest in the EU, at 2.5% ([98]) (see Annex 13). Moreover, the relatively low level of at least basic digital skills among the population (50.96% for Greece vs EU average 60.39% in 2025) may hinder the adoption of digital technologies (see Annex 11).

Entrepreneurship education in Greece is a key component of a broader national, top-level strategy aiming at strengthening 21st- century skills across the school system. This is the skills labs strategy ([99]) adopted in 2021, which aims to nurture responsible and informed individuals who can address societal and economic complexities ([100]). It constitutes a flagship initiative of the Ministry of Education, Religious Affairs and Sports in collaboration with the Institute of Educational Policy and is inspired by the European Skills Agenda ([101]). The strategy is intended to foster digital and 21st-century competencies and skills, with entrepreneurship as one of several pillars of skills development, called the 'life skills'. This includes financial literacy, initiative-taking, organisational skills and planning. It is implemented across pre-primary, primary and lower secondary education. Greek higher education institutions are expanding entrepreneurship education and innovation practices, but further policy support is needed to strengthen institutional capacities and improve the measurable outcomes and long-term effectiveness of entrepreneurship education initiatives ([102]). Currently there is limited systematic monitoring and detailed impact assessment of entrepreneurship education outcomes at national level. This makes it harder to refine evidence-based policy and effectively measure progress in developing entrepreneurial skills.

([95]) Bank of Greece Regulatory Sandbox.

([96]) Hellenic Competition Commission Sustainable Development Sandbox.

([97]) EC (2024): Greece. Country profile - Benchmarking of national policy frameworks for innovation procurement.

([98]) State of the Digital Decade 2025 report | Shaping Europe's digital future Greece.

([99]) Skills Labs strategy.

([100]) Eurydice report (2025). Entrepreneurship education at school in Europe – 2025: https://eurydice.eacea.ec.europa.eu/publications/entrepreneurship-education-school-europe-2025.

([101]) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 'European Skills Agenda for sustainable competitiveness, social fairness and resilience', COM(2020) 274 final of 1 July 2020.

([102]) OECD (2021), 'Supporting Entrepreneurship and Innovation in Higher Education in Greece', OECD SME and Entrepreneurship Papers, No. 51, OECD Publishing, Paris, https://doi.org/10.1787/37cd1c7d-en.

Table A4.1: **Key innovation indicators**

GREECE	2010	2015	2020	2022	2023	2024	2025	EU average (1)	US
Headline indicator									
R&D intensity (gross domestic expenditure on R&D as % of GDP)	0.6*	0.97	1.49	1.48	1.50	1.54	:	2.24	3.44
Science and innovative ecosystems									
Public expenditure on R&D as % of GDP	0.36*	0.64	0.79	0.75	0.76	0.69	:	0.72	0.64
Scientific publications of the country within the top 10% most-cited publications worldwide as % of total publications of the country	8.79	9.36	8.89	8.84	9.30		:	9.44	12.31
Researchers (FTEs) employed by public sector (Gov+HEI) per thousand active population		6.2	7.1	7.8	8.1	7.3	:	4.3	:
International co-publications as % of total number of publications	37.83	49.07	52.38	50.93	51.73	53.30	:	57.24	:
R&D investment & researchers employed in businesses									
Business enterprise expenditure on R&D (BERD) as % of GDP	0.24*	0.32	0.69	0.73	0.74	0.85	:	1.49	2.69
Business enterprise expenditure on R&D (BERD) performed by SMEs as % of GDP	:	0.11	0.26	0.32	0.29	:	:	0.47	0.30
Researchers employed by business per thousand active population	:	1.1	2.7	3.3	3.7	3.7	:	5.9	:
Innovation outputs									
Patent applications filed under the Patent Cooperation Treaty per billion GDP (in PPS €)	0.42	0.62	0.74	0.63	:	:	:	2.81	2.20
Employment share of high-growth enterprises measured in employment (%)	:	:	:	1.72	1.87	:	:	0.87	:
Digitalisation of businesses									
SMEs with at least a basic level of digital intensity % SMEs (EU Digital Decade target by 2030: 90%)	:	:	:	:	43.26	:	55.95	71.39	:
Data analytics adoption % enterprises (EU Digital Decade target by 2030: 75%)	:	:	:	:	25.00	:	31.45	39.85	:
Cloud adoption % enterprises (EU Digital Decade target by 2030: 75%)	:	:	:	:	18.07	:	21.25	46.69	:
Artificial intelligence adoption % enterprises (EU Digital Decade target by 2030: 75%)	:	:	:	:	3.98	9.81	8.93	19.95	:
Academia-business collaboration									
Public-private scientific co-publications as % of total number of publications	5.52	7.26	8.61	8.92	9.35	9.01	:	7.62	:
Public expenditure on R&D financed by business enterprises (national) as % of GDP	:	0.04	0.04	0.04	0.04	0.04	:	0.06	0.02
Public support for business innovation									
Total public sector support for BERD as % of GDP	:	0.06	0.13	0.17	0.17	:	:	0.21	:
R&D tax incentives: foregone revenues as % of GDP	:	0.01	0.03	0.02	0.02	:	:	0.10	0.16
BERD financed by the public sector (national and abroad) as % of GDP	:	0.05	0.10	0.15	0.15	:	:	0.11	:
Financing innovation									
Venture capital (market statistics) as % of GDP (calculated as a 3-year moving average)	0.008	0.011	0.014	0.027	0.025	0.016	:	0.063	:
Seed stage funding share (% of GDP)	0.001	0.002	0.004	0.003	0.002	0.002	:	0.005	:
Start-up stage funding share (% of GDP)	0.003	0.003	0.006	0.015	0.013	0.006	:	0.030	:
Later stage funding share (as % of GDP)	0.004	0.006	0.005	0.009	0.009	0.009	:	0.027	:
Innovative talent									
New graduates in science & engineering per thousand population aged 25-34	:	13.41	14.22	17.53*	19.42	18.45	:	16.82	:
Graduates in the field of computing per thousand population aged 25-34	:	1.46	2.09	2.82*	2.99	3.14	:	3.84	:

(1) EU average for the last available year or the year with the largest number of country data. * Break in series

Source: Eurostat, OECD, DG JRC, Science-Metrix (Scopus database), Invest Europe, European Innovation Scoreboard

Greece's investment climate improved in recent years, but further reforms are needed to unlock its growth potential. Despite a return to investment grade and recent improvements, business investment remains low. Greek firms report more barriers to investment compared to their EU counterparts, affecting business dynamism and productivity, especially in micro-firms. While there is a higher share of high growth enterprises due to public funding, Greek firms struggle to find private capital. In addition, they face late payments from public authorities. High barriers to entry to competition in professions and retail, and to trade facilitation persist, hindering an efficient allocation of resources which could boost productivity. Greece's digital infrastructure is gradually improving but remains behind the EU average in fibre connectivity. The public procurement system faces structural challenges, including a high number of single bids and inefficient e-procurement processes. The 2025 Country Specific Recommendations (CSRs) for Greece called for measures to: "Simplify regulation, improve regulatory tools and reduce administrative burden for companies by streamlining and digitalising administrative processes", [...]. "Review and remove the high entry barriers to the exercise of professional services and to new entrants to product markets."; "facilitating access to finance for start-ups and scale-ups, including developing local private equity and venture capital markets with state-sponsored initiatives to mobilise investment"; "taking concrete steps to phase out fossil fuel subsidies in particular in the industrial sector".

Business dynamics

Overall, economic sentiment in Greece is more positive compared to the rest of the EU. More Greek firms than the EU average have a positive business outlook, and are more inclined to focus investment on expansion and on new products, particularly in manufacturing and construction ([103]).

The business investment-to-GDP ratio remains extremely low, despite recent improvements. Although slightly rising, business investment is still significantly below average at 8.5% of GDP, compared to the EU average of 12.6%. However, total gross fixed capital formation, by main asset type has risen steadily ([104]).

Government investment has decreased slightly but remains close to EU average. Government investment decreased to 3.7% of 2024 GDP compared to 3.9% in 2023 but is on par with EU average. The Recovery and Resilience Plan (RRP) has contributed to investment, worth more than 15% of Greek GDP in 2021-2026.

Despite the positive outlook, Greek firms report more barriers to investment than their EU peers. While overall Greek firms see progress in digital infrastructure, availability of finance and labour market regulations compared to last year, the percentage of firms which see obstacles remains higher than EU average ([105]). The most quoted investment barriers are uncertainty about the future and energy costs. SMEs are more negatively constrained by the political, regulatory and economic climate than large firms.

Greek SMEs, composed mainly of micro-firms, show weak productivity performance. SMEs account for 99.9% of enterprises and employ 84.7% of the workforce in Greece, contributing 62.8% to the economy's added value, both well above the EU average (65.1% of the workforce in the SMEs and 53.6% of added value) ([106]). In 2024, the Greek SMEs had the lowest average level of value-added per person employed of the EU (20 000 EUR vs 54 000 EU average) ([107]).

Greece has a higher share of high-growth firms than the EU average, mainly due to targeted public funding schemes. Young high-growth enterprises (gazelles) are more prevalent in Greece than the EU average ([108]), particularly in information and communication, as well as the

([103])See EIB Investment Survey 2025.

([104])Gross fixed capital formation by main asset type [nama_10_an6].

([105])EIBIS 2025.

([106])See 2025 SME Factsheet.

([107])European Commission, Annual Report on European SMEs 2024-2025, p. 14.

([108])2025 SME Performance Review SME key figures Greece.

electricity, gas, steam and air conditioning supply sectors. The Greek start-up scene received a significant boost with the establishment of EquiFund ([109]), a fund-of-funds programme formed in 2023 by a public-private partnership between the Greek government and the European Investment Fund (EIF). EquiFund spurred the initiation of Greek venture-capital firms. In 2024, a new EquiFund II initiative was allocated an additional EUR 200 million, co-financed by the Cohesion Policy Funds and national resources managed by the EIF.

Greece has taken measures to facilitate access to finance for start-ups and scale-ups, including the development of local private equity and venture capital markets. The 2026 draft budgetary plan contains measures to enhance access to finance for start-ups and scale-ups through projects implemented under the ERDF, CF, and ESF+ programmes. Initiatives include the development of networks across universities and research centres to promote the commercial exploitation of research results produced by public research organisations. A call is also underway for the creation and strengthening of Competence Centres, which will be equipped to promote technology transfer to businesses, particularly SMEs, thus improving access to finance and mobilising private investment for innovative businesses. The Hellenic Development Bank (HDB) has launched a series of initiatives to improve access to finance and support entrepreneurship. One such initiative is the Patent Fund, planned for 2026. Designed within the framework of the "Competitiveness 2021-2027" Operational Programme of the National Strategic Reference Framework (NSRF), the Fund aims to provide quasi-equity financing to support the acquisition and exploitation of patents, mainly submitted by Greek start-ups and newly established companies, as well as by companies in their growth phase. One stand of the EUR 17.7 billion loan facility under the Greek RRP is being used to help small businesses to scale up.

Business dynamism remains low. Despite minimal administrative requirements for starting a business, the birth rate of firms is among the lowest in the EU. This can be partly attributed to obstacles to financing as well as the subsequent need for permits following business creation. The exit rate for firms is also among the lowest in the EU, as Greece scores below the EU median on "Quality of institutional and operational infrastructure for judicial insolvency proceedings in the World Bank Business Ready Indicator ([110]). A new legislation (law 5193/2025 OJ A56/11.4.2025) was adopted in April 2025, which is expected to ease the insolvency framework including by increasing out-of-court settlements and rehabilitation cases ([111]).

Sectoral dynamics show some structural changes favouring aggregate productivity but noticeable exceptions persist. In the 2004-2024 period, industries with relative faster productivity growth tended to expand (measured in relation to total economy GVA), while those with stagnating and/or decreasing productivity have contracted ([112]). Among the former is (K) Financial Services and (J) Information and Communication; among the latter is (F) Construction and especially (G) Wholesale & Retail Trade. However, certain sectors seem to be holding back an efficient reallocation of resources, particularly the sectors of Accommodation & Food Services (I), Mining (B), Energy (D) and Professional Services (M) ([113]). (See Annex 19).

Business environment

Greek firms identify new regulations as primary obstacles to their activities. According to the 2025 EIB Investment survey, 55% view compliance with new regulations, standards or certifications as the main barriers to international trade ([114]). Between 1980 and 2010, Greece introduced over 5 000 new regulations a year.

Some administrative processes have been or are in the process of being digitalised. The

([109])See about-equifund and Country Report Greece 2025.

([110])B-READY: Business Insolvency: Overall Score - Low income | Data.

([111])See Restructuring & Insolvency Laws and Regulations Report 2025-2026 Greece.

([112])European Commission.

([113])Ritong Qu. Improve Resource Allocation to Boost Growth in Greece. IMF Selected Issues Paper (SIP 2025/58). Washington DC. International Monetary Fund.

([114])See EIBIS 2025.

Independent Authority for Public Revenue (IAPR) has developed the new mobile application "myAADEapp," providing citizens and businesses with digital access to tax services via their mobile devices. A new mobile application for smartphones and tablets has been launched for business to register in the Digital Customer Registry. The IAPR has also introduced a new system that enables businesses to electronically declare the termination of their operations ([115]).

Efforts to simplify regulation and reduce administrative burdens are underway. This is highlighted by a project that seeks to cut bureaucracy by 25%, via twelve legislative and non-legislative measures to simplify business closures, upgrading electronic systems and improving frameworks for research and technology. The initiative also includes interoperability with the General Commercial Registry to automatically update the tax registry and the functioning and updating of a new Integrated Taxpayer Service Centre ([116]).

Access to finance has improved but remains insufficient. Greek firms are three times more constrained than the EU average in accessing finance, with SMEs being impacted 30% more than large firms. Greece consistently scores below the EU average on the Access to Finance index for loans from the European Investment Fund (EIF) (cf. Annex 6_A_AccFin). This is partly because the banks themselves are in a constrained position with a low liquidity funding risk. However, their situation is improving and access to finance has improved steadily these last years (See Table A5.1 and Annex 6).

Greek companies are more challenged by late payments. The proportion of SMEs experiencing late payments from private bodies exceeds the EU average (54% versus 48%), and it is higher for SMEs facing late payments from public bodies (33% compared to 20%). The payment gap for B2B transactions is closer to the EU average, albeit slightly higher, while the gap for B2G transactions is the largest in the EU (See Table A5.1). Suppliers are also indicating that public authorities in Greece had the second longest payment periods of all the EU – 73 days in 2024. According to the latest information by the Greek Ministry of Economy and Finance ([117]), the stock of arrears (i.e. unpaid invoices after 90 days) at the end of 2025 was 2.5 billion EUR of which almost 1.4 billion concerned hospitals. The information also reports significant payment delays for some ministries and local authorities. The persistence and pervasiveness of the G2B payment delays may hamper the competitiveness of businesses and put their viability, especially SMEs, in jeopardy.

Greece continues to roll out fibre for gigabit connectivity, but coverage is still significantly lower than the EU average. Greece is making progress in deploying gigabit connectivity infrastructure with a 46.1% VHCN coverage in 2024, although challenges remain: a level of VHCN coverage that is still below the EU average (82.49%), and slow fibre roll-out in sparsely populated areas (3.26% in 2024, while the EU average was 61.89%).

5G network coverage is close to the 2030 target. Overall 5G coverage stood at 99.8% in 2024, higher than the EU's 94.35%. For sparsely populated areas, Greece's 5G coverage was 99.29% in 2024, significantly higher than the EU's 79.57%. In the 3.4–3.8 GHz band, Greece's 5G coverage in 2024 confirmed the speedy deployment of this band, which enables advanced applications requiring a wide spectrum bandwidth, with 72.94% coverage higher than the EU's 67.72%. For sparsely populated areas, in this band the percentage of coverage with 41.01% in 2024 is much higher than the EU average at 26.19%.

The management and monitoring of telecommunication network infrastructure works have been simplified and digitalised with the operationalisation and mandatory use of e-Dieleysis, the electronic information system designed to that effect. Its purpose is to simplify and accelerate the licensing and monitoring processes for works related to the installation and maintenance of telecommunications infrastructure, reducing bureaucracy and delays.

([115])Greece draft btudgetary plan 2026.

([116])Greece draft budgetary plan 2026.

([117])See https://minfin.gov.gr/wp-content/uploads/2026/02/General-Government-Monthly-Bulletin-December-2025.pdf.

Single Market

Regulatory and administrative barriers to the single market persist in Greece, affecting services trade as well as the freedom of establishment of businesses. For services, the level of restrictiveness is still high overall for several professional services, retail sector and trade facilitation. Entry barriers are high in the professional services ([118]). In services, posting of workers requires compliance with restrictions including conditions or procedures for intra corporate transferees and contractual service suppliers. Entry and establishment costs are increased by changes to tax rules and regulations, high compliance costs and a generally restrictive business environment especially for foreign and cross border investors. In addition, businesses face complex administrative procedures, with often slow administrative processes (permits, investment approvals) ([119]). Business establishment is also hindered by sector-specific establishment rules that are more restrictive than at EU level in transport and some network sectors.

Greece ranks low on the 2025 Single Market Scoreboard for overall intra-EU integration in trade in goods and services. In 2025, intra-EU imports and exports accounted for 20.9% of Greece's GDP. This is one of the lowest shares in the EU and lower than the 2025 EU average of 40.7% (Table A5.1). However, the integration of travel services is above the EU average. 81% of Greek firms engage in international trade, well above the EU average of 66% ([120]). **Greece scores around the EU average in Single Market transposition and conformity deficits, but its SOLVIT resolution rate is still the lowest in the EU even if it has improved compared with last year.** Greece has a transposition deficit of 1% ([121]) (close to the EU average of 1.1%) and a 0.5% conformity deficit of Single Market directives (EU average of 1.1%). However, Greece faced the fifth-highest number of Single Market infringement proceedings in 2025, totalling 35, significantly higher than the EU average of 25. Greece resolved 53.1% of the SOLVIT cases it managed as the lead centre in 2025, whereas the EU average was 84.6%. It is the lowest score of the EU Member States; although it represents a significant increase compared to last year.

The Greek SOLVIT centre still had to deal with more than 200 cases related to delays with decisions on awarding pensions to EU citizens who worked in Greece. Despite digitalisation efforts, long waiting times to obtain pensions from Greece or to provide information on periods of contributions in Greece to the institutions of other Member States remain. This continues to represent a serious issue hindering the Single Market.

The lack of digitalisation in the Greek standardisation system, hampers fast and efficient delivery of standards, and limit the participation of certain stakeholders, notably SMEs, into the standardisation process. Moreover, the limited participation of Greek experts in the European Standardisation System is likely to deepen as the rise of new technologies such as AI and quantum call for additional resources to attract and retain expertise in such critical fields. To address these challenges, Greece must provide stronger support to its national standardisation body. This will enable faster, more inclusive, and market-responsive standardisation, ensuring that businesses can fully benefit from the opportunities of the Single Market. Rigidity in the standardisation system has been identified as one of the infamous "Terrible Ten" barriers clogging the Single Market from its full potential.

Compliance of products circulating in the Single Market ([122]) is key to ensuring a level-playing field for law-abiding companies and the safety of consumers. In Greece, the number of market surveillance investigations has increased compared with 2019. In 2025, national authorities reported in the EU system for market

([118])OCDC PMR Greece country note, database of 2023/2024 and 2018/2019.

([119])See https://www.eib.org/files/publications/20250218-091225-econ-eibis-2025-greece-en.pdf.

([120])See EIB Investment survey 2025.

([121])Part of the barriers highlighted in the 2025 Single Market Strategy ("Terrible 10"), Single market strategy. The transposition deficit measures the percentage of all directives not transposed into national law. See also the Annual Single Market and Competitiveness Report 2026.

([122])Part of the barriers highlighted in the Single market strategy ('Terrible Ten') and the 2026 Annual Single Market and Competitiveness Report.

surveillance (ICSMS) a total of 54.3 investigations per one million inhabitants, which is lower than the EU median of 136.2. The number of notifications remains limited in absolute terms, which may also be the result of insufficient IT national interoperability to the ICSMS system. The upcoming revision of the Market Surveillance Regulation will upgrade ICSMS to a fully interoperable EU digital platform.

Barriers remain high in several product markets. Despite improvements since the last 2018 assessment, Greece continues to be part of the top ten most regulating EU countries according to the 2023-2024 OECD's indicator on product market regulation ([123]), with restrictiveness above average for professional services, the retail sector, trade facilitation and the impact on competition regulatory framework. A CSR was issued in 2025 to address these issues (CSR 2025.3 "Review and remove the high entry barriers to the exercise of professional services and to new entrants to product markets"). Some measures in the draft budgetary plan for 2026 aim to tackle these challenges (See section on business environment above.)

High entry barriers in the professional services and retail sector persist. According to OECD PMR, Greece has a particularly restrictive level of regulation for lawyers, architects, civil engineers, as well as in retail distribution. But so far no reform of the above professions is under discussion. The over-regulation also affects a new electronic registry for EU tourist guides. The administrative framework for this profession is to be modernised and simplified. However, the plan also envisages the regulation of a new profession, "tour leader". Restricting access to this economic activity could further curb competition in this field. So far, progress in addressing barriers in the field of business services remained limited. In response to a survey carried out by the Commission between December 2025 and February 2026, Greece said it had fully implemented 2 of the 8 Commission recommendations from 2021 ([124]). The Commission is currently assessing Greece's answer to measure actual progress in implementing these recommendations. Business organisations acknowledge the efforts made by governments over many years to ease licensing but argue that Greece's parallel efforts to reform and implement the ex-post controls framework are not equally successful, leading to inherent vulnerabilities and undermining the level-playing field. A review and amendment of regulations on the marketing/trade of products and the provision of services (DIEPPY) for the retail distribution of goods is currently being undertaken.

The OECD PMR points to some shortcomings in the formulation of laws and regulations. When developing primary laws, regulators are not required to identify and assess the "do nothing option" or non-regulatory options. The 2025 IMF study ([125]) advocates that such options should be looked at with a view to optimising the productivity growth potential of reforms.

Despite significant legislative reforms, public procurement in Greece still faces structural challenges that limit competition and undermine transparency. This is embodied in the high number of single bids, the widespread use of lowest price as award criterion, and the high number of unsuccessful or cancelled tenders. Weaknesses in procurement practices, the complexity of the Greek legal framework for public procurement, lengthy decision-making procedures and limitations in the current e-procurement system are all factors contributing to this phenomenon.

A key concern is the persistently high share of single bids, which points to weak competitive dynamics in several sectors. Greece recorded the highest single-bid rate in the EU, reaching 58.2% in 2025, which is well above the EU median of 27%. Single bids are particularly common in high-value contracts. They occur more frequently in contracts falling under Directive 2014/25/EU (utilities) than under Directive 2014/24/EU (classical public procurement). Open procedures show the highest proportion of single bids, while supply and service contracts are more affected than works contracts.

Procurement practices continue to show weaknesses that limit businesses'

([123])Product market regulation | OECD.

([124])European Commission, 2021, Communication on updating the reform recommendations for regulation in professional services, COM(2021)385. 9/7/2021, Eur-lex.europa.eu.

([125])Ritong Qu. Improve Resource Allocation to Boost Growth in Greece. IMF Selected Issues Paper (SIP 2025/58). Washington DC. International Monetary Fund.

willingness and ability to participate in public procurement. The use of the lowest-price award criterion remains predominant, being applied in 75% of procedures in 2025 (despite a declining trend over the last years), compared with 53% at EU level. A strong focus on price may discourage participation by companies competing on quality and innovation, reduce the number of bidders, and increase the risk of abnormally low tenders. Public procurement procedures are also characterised by a relatively high rate of unsuccessful or cancelled tenders. In 2025, contracts were not awarded in 23.3% of public procurement procedures.

These challenges point to the need to improve capacity building and professionalisation of practitioners. However, there are systemic constraints on this. Past austerity measures limited recruitment of new staff, while unattractive salaries in the public sector (compared to the private sector) make it difficult to attract and retain staff. Procurement is not a standalone profession, and skill levels among civil servants vary widely. Moreover, the complexity of the Greek legal framework, covering all stages of the procurement cycle for contracts above a very low value, adds to administrative difficulties.

A slow judicial system, lengthy decision-making procedures further undermine the efficiency and attractiveness of public procurement. On average, the time between the deadline for receipt of offers (or requests to participate) and the award of the contract amounts to 171 days, being one of the highest in the EU. A slow judicial system as well as late payment contribute to deterring firms from participating in public procurement.

Businesses' views on corruption risks in public procurement are above the EU average. In Greece, 92% of companies (EU average: 58%) consider tailor-made specifications for particular companies in public procurement procedures to be 'very' or 'fairly widespread' practice, and 88% (EU average: 51%) think the same about collusive bidding. Among companies that have experience in and participated in a public procurement procedure, 48% think that corruption has prevented them from winning a public tender or a public procurement contract in practice (EU average: 25% ([126]). The level of independence of the public procurement review body (Single Independent Public Procurement Authority) is perceived as 'very' or 'fairly good' by only 39% of businesses when reviewing public procurement cases ([127]).

Greece's fragmented eProcurement landscape and data quality issues highlight the need for interoperable systems, common standards, and stronger data governance. Given Greece's decentralised eProcurement service, with between two to five different separate Procurement services in operation ([128]), businesses must use several systems to access all public procurement procedures, creating complexity and barriers to participation (See annex 7). This fragmentation underscores the need to introduce interoperability and common standards. Greece is also working on developing a public procurement qualification service, which shows whether a company complies with the necessary exclusion grounds and selection criteria. It is important that the country continues this path as buyers across the EU still lack digital access to evidence, such as tax registration or criminal records. Greece does not have a dedicated body in charge of monitoring and accessing the uptake of public procurement at national level. Therefore, the Greek system would benefit from a dedicated public procurement data collection and analysis service within the government, to support data-driven oversight of the procurement lifecycle ([129]). Greece is currently the only Member State, which has no direct connection to the central portal for European public procurement (TED) for publishing notices. This means that all buyers must enter the notices twice, in their national system and on TED. This reduces data quality and makes publication on TED less likely. Greece aims to become an eSender (sending notices to TED directly) in September 2026.

([126])See Flash Eurobarometer 557, p.133.

([127])See Justice Scoreboard (2025), p. 53; Flash Eurobarometer 555, p. 39.

([128])As reported on the eProcurement matrix.

([129])European Court of Auditors, Special Report 28/2023: *Public* Procurement in the EU. Less competition for contracts awarded for works, goods and services in the 10 years up to 2021, 2023, Special report 28/2023: Public procurement in the EU.

Greece has undertaken numerous reforms to strengthen its public procurement system. Under the National Strategy for Public Procurement 2021-2025, emphasis has been given to professionalisation of the procurement workforce in the civil service (also supported under RRF). Law 5218/2025 introduced targeted training and a certification system and financial and not-financial incentives. Greece has introduced several codes of conduct for civil servants working in public procurement to ensure a level playing field for businesses ([130]). A code of conduct for civil servants has been adopted. The Hellenic Competition Commission issued a Guide for Contracting Authorities on detection and prevention of collusive practices in public procurement and introduced a dedicated digital whistleblowing system specifically designed for contracting authorities to report bid rigging in public procurement procedures ([131]). Also, a new, more integrated and user-friendly e-procurement system is currently under development (including through the RRP) to address the challenges and accelerate the digitalisation of public procurement. Greece took measures to accelerate the judicial and pre-judicial resolution of public procurement disputes and to expedite the contract award process: additional staff have been assigned to the Single Independent Public Procurement Authority (HSPPA), fees for legal challenges against decisions of the HSPPA have been raised, and the suspensive effect of appeals on concluding the contract award has been restricted. Additionally, appeals related to procurement of goods or services are assigned to the first instance administrative court and appeals related to procurement of public works to administrative court of appeal.

Greece remains outside the Unitary Patent (UP) system. Although Greece participated in the "enhanced cooperation" on unitary patent protection and has already signed the Unified Patent Court Agreement (UPCA), it has not yet ratified it ([132]). The unitary patent therefore does not cover Greece. This has the two following consequences. Firstly, Greek and non-Greek companies remain burdened by the significant administrative costs of national validation and maintenance fees to obtain patent protection in Greece, and that enforcing European patents in Greece. Secondly, the enforcement of European patents in Greece can only take place before national courts, without benefiting from the advantages offered by the Unified Patent Court in terms of centralised litigation. With this, Greece may appear less attractive, in terms of innovation support than the Member States already in that system. Finally, the fact that several Member States do not participate in the unitary patent system weakens the Single Market, making the EU less attractive for inventors and innovative firms.

Industry and economic security

Greece is taking measures to phase out fossil-fuel subsidies. The 2025 CSR (Sub-part CSR 2025.4) calls for concrete steps to phase out fossil-fuel subsidies, particularly in the industrial sector. The draft budget plan proposes certain measures in this regard, such as promoting the purchase of electric vehicles, while others involve the removal of energy subsidies introduced during the COVID era.

Greece produces photovoltaic panels and participates in some IPCEIS. Between 2019 and 2024, Greece accounted for 2.6% of the EU's solar plate production ([133]) The clean technology sector is a significant component of the Greek labour market, employing around 24 802 workers in 2023, which represents 0.59% of the total workforce. Additionally, Greece is involved in the Important Projects of Common European Interest (IPCEIs) launched for batteries (Eubatin), hydrogen (Hy2Tech and Hy2Use), and microelectronics and communication technologies.

Greece has room for improvement in implementing the Net-Zero Industry Act (NZIA). The country has yet to designate a Single Point of Contact. Currently, Greece has not confirmed any Net-Zero Strategic Projects or established a communication and coordination among national contact point to manage applications that could facilitate the advancement

([130])Rule of Law Report- Country Chapter Greece (2025), p. 11.

([131])Rule of Law Report- Country Chapter Greece (2025), pp. 11-12.

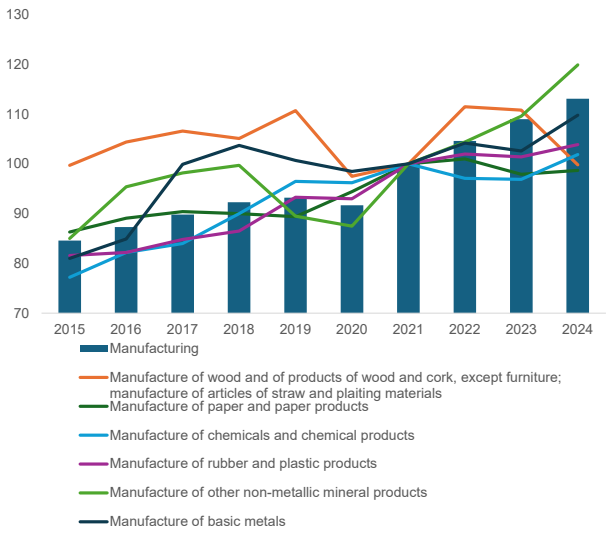
([132])Agreement on a Unified Patent Court (UPC) - Consilium.

([133])A solar plate is a photovoltaic panel that converts sunlight into electricity using silicon-based solar cells.

of these projects. Lastly, Greece has not shown interest in the acceleration valleys described in the NZIA regulation. Greece is currently implementing the TSI project 'ESTER: National Plan for the Implementation of the NZIA – TSI 2025' in order to identify opportunities for the development of Net-Zero Industry Act (NZIA) technologies in the country, explore financing mechanisms, and review the existing legislative framework in relation to the requirements of the regulation.

Energy-intensive industries have expanded. The share of energy-intensive industries is substantial, 31% of manufacturing GVA in 2024, which shows volumes consistently increasing since 2015 (see graph A5.1). There have been shifts in the share of added value across industries, with wood and wood-product manufacturing having decreased by two-thirds in terms of GDP added value between 2000 and 2024, and the production of non-metallic mineral products by 83% over the same period. Manufacturing of basic metals has seen a 20% increase compared to 2000 (rising to 1% in 2024), chemicals have seen a 29% increase, and rubber and plastics manufacturing 40%. The combination of relatively low energy prices, significant industry investment and economic recovery may have contributed to Greece's ability to sustain or increase production in these sectors, unlike other EU countries (see Annex 9).

Graph A5.1: **Manufacturing industry production: total and selected sector, index (2021=100), 2015-2024**



Source: Eurostat

Greece continues to rely heavily on imports to meet a large portion of its demand for raw materials. The country has an import ratio of direct material inputs at 49%, compared to the EU average of 22.4%, placing it among the top ten EU countries most dependent on material imports. In its 2025 National Energy and Climate Plan (NECP) ([134]), Greece outlines a roadmap for critical raw materials aimed at increasing the exploitation of Greek mining sites, with the objective of expanding its mining industry by over 400% in the next 6-7 years. Among the 47 strategic projects approved by the European Commission under the Critical Raw Materials Act (CRMA), one is Greek ([135])

([134])Greece - Final updated NECP 2021-2030 (submitted in 2025) - European Commission.

([135])See Greek country report 2025.

Table A5.1: **Single Market and Industry**

Greece								
POLICY AREA	**INDICATOR NAME**		**2021**	**2022**	**2023**	**2024**	**2025**	**EU-27 average**
Business environment and investment								
Productivity and investment	Labour productivity (GDP per hour worked in PPP terms), % of EU27[1]		53.8	54.1	54.8	54.4	54.6	100.0
	Business investment (share of GDP)[1]		7.7	8.8	8.4	8.5	-	12.6
	Public investment (share of GDP)[1]		3.6	3.7	3.9	3.7	-	3.9
Business environment and simplification	Impact of regulation on long-term investment, % of firms reporting business regulation as a major obstacle[2]		58.4	51.9	42.9	53.9	52.0	34.0
SME liquidity	EIF Access to Finance for SMEs index - loans[3]		0.13	0.22	0.31	0.36	-	0.43
	EIF Access to Finance for SMEs index - equity[3]		0.09	0.11	0.22	0.25	-	0.19
Late payments	Payment gap - corporates B2B, difference in days between offered and actual payment[4]		12.8	13.0	14.8	15.1	17.8	17.4
	Payment gap - public sector, difference in days between offered and actual payment[4]		11.9	13.0	12.8	18.9	15.9	13.6
	Share of SMEs experiencing late payments, %[5]	from private entities in the previous or current quarter	-	-	-	53.8	47.0	47.1
		from public entities in the previous or current quarter	-	-	-	32.7	25.6	15.9
Single Market								
Integration	EU trade integration, average(intra-EU imports + intra EU exports)/GDP, %[1]		19.9	23.6	22.0	21.1	20.9	40.7
	EEA Services Trade Restrictiveness index[6]		0.050	0.050	0.049	0.049	0.049	0.050
Public procurement	Single bids, % of total contractors[7*]		40	46	49	55	58	27
	Direct awards, % of negotiated procedures[7*]		1	1	1	1	1	6
Compliance	Transposition deficit, % of all directives not transposed[8]		1.8	0.4	0.3	0.5	1	1
	Conformity deficit, % of all directives transposed incorrectly[8]		1.5	1.3	0.9	0.5	0.6	1.1
	SOLVIT, resolution rate per country, %[8]		15.35	44.1	59	26.3	53.1	84.6
	Number of pending infringement proceedings[8]		46	45	44	41	35	25
Industry and economic security								
Energy-intensive industries	Electricity prices for non-household consumers[1]		0.1836	0.3409	0.1881	0.1815	0.2013	0.1462
	Electrification (electricity as a share of total energy consumption in industry)[1]		40.8	39.9	39.9	-	-	32.7
	Share of energy from renewable sources (renewable energy generation as a share of overall energy consumption)[1]		22.0	22.7	25.3	25.4	-	25.2
Critical raw materials	Material import dependency, %[1]		40.6	40.1	39.8	42.0	-	22.4
	Circular material use rate[1]		5.3	6.3	5.2	5.2	-	12.2
Operational cleantech manufacturing capacity in 2025[9]	- Solar PV (c: cell, w: wafer, M:module), GW		-		- Electrolyzer, GW		-	
	- Heat pump assembly		-		- Battery, GW		4.0	

Source: (1) Eurostat, (2) EIB Investment Survey, (3) EIF SME Access to Finance Index, (4) Intrum Payment Report, (5) SAFE survey, (6) OECD, (7) data up to 2024: Single Market and Competitiveness Scoreboard, 2025: Commission calculation based on TED data, accessible at the Public Procurement Data Space (PPDS) (*) the value represented here under EU average is the median, (8) Single Market and Competitiveness Scoreboard, (9) European Commission calculations.

Table A6.1: **Savings and Investments Union summary diagnostic**

Greece

Topic	*Main features*	*Relative EU positioning*
Asset-backed pension schemes	Assets at 1.1% of GDP (32.3% in the EU) 10-year real return of 2.1 (1.4% in the EU)	Very low pension assets yielding real return above average.
Households' financial assets	EUR 33 003 per capita (EUR 85 090 in the EU) o/w 7.2% in listed shares and bonds (7.6% in the EU) o/w 6.3% in investment funds (11.0% in the EU) o/w 3.5% in life insurance (13.4% in the EU) o/w 1.5% in pension claims (13.6% in the EU)	Low household wealth. Half of wealth held in currency and deposits and significant allocation to unlisted shares. Almost no allocation to pension funds. Greece has no dedicated savings & investment account.
Venture capital (VC) **Private equity (PE)**	VC at 0.017% of GDP (0.064% in the EU) PE at 0.121% of GDP (0.487% in the EU)	Low venture capital and low equity investments.
Capital taxation	No capital gains on UCITS or shares (if >0.5% ownership, then 15%), tax on dividends of 5%. Financial transacation tax 0.1% when selling shares on Greek stock exchange.	Very low level of taxation for retail investors.
1-3 **4-10** **11-17** **18-24** **25-27**	Colours indicate the country's relative ranking based on five groups, ranging from the three best to the three worst performers. The relative ranking as regards an SIU diagnostic topic derives from a consistent cross-country comparison, the starting point of which is the average of the underlying main features.	

Source: OECD (pensions), Eurostat (households' financial wealth), FISMA CMU dashboard (VC and PE), national sources (capital taxation).

Greece ranks relatively low across the key indicators monitoring progress with the policy goals of the Savings and Investment Union (see Table A6.1). Companies in Greece rely mainly on internal financing for investments, and bank funding represents the largest source of external financing. The Greek financial sector is mainly bank-driven. There is room for a bigger role by capital markets and institutional investors in providing finance to the Greek economy. There is scope to increase retail investors' participation in financial markets. In 2025, Greek banks have continued to improve their fundamentals. The 2025 CSRs for Greece called on the country to: (i) pursue the ongoing reduction of the stock of non-performing loans held by banks and credit servicers; and (ii) facilitate access to finance for start-ups and scale-ups. Some reforms addressing elements of these 2025 CSRs have been implemented, but further progress is needed.

Business landscape and company funding

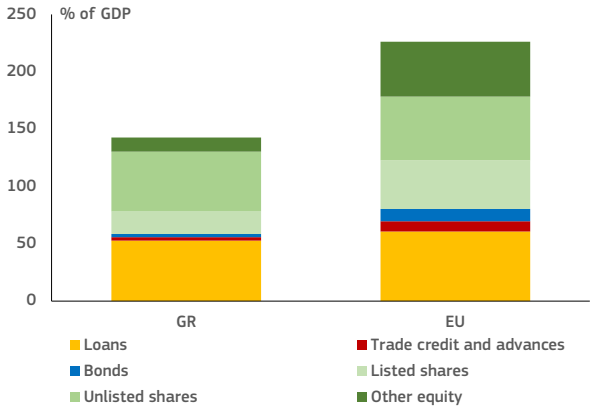
Greek companies finance a large share of their investments internally. According to the 2025 EIB Investment Survey ([136]), 73% of Greek companies' investment needs are met through internal funding, compared with an EU average of 66%. The business landscape is dominated by SMEs and microenterprises in particular (See Annex 5 for more details). This structure has significant implications for corporate financing patterns, as external funding tends to be more costly and less accessible for smaller firms, increasing their reliance on internal finance.

Greek companies rely more heavily on bank funding and less on capital markets than their EU peers. At the end of 2024, bank finance through loans accounted for 37.0% of total funding for Greek non-financial corporations (NFCs), while listed shares and bonds represented only 15.7% (Graph A6.1). By comparison, the corresponding EU averages stood at 26.9% and 18.8%, respectively. Overall levels of funding for NFCs in Greece (equivalent to 142.6% of GDP) remain significantly lower than the EU average (226.2% of GDP). Moreover, a sizeable proportion of Greek NFCs have non-performing loans (NPLs) and are effectively excluded from capital markets. In September 2025, credit servicers held EUR 28.2 billion of NPLs in NFCs. A 2024 study ([137]) found a strong positive correlation between NPLs and the prevalence of 'zombie' companies in the Greek economy, and highlighted that the concentration of capital in such companies both indirectly prevents the reallocation of capital to more productive uses and hinders investment by healthy companies.

([136])EIB Investment Survey 2025: Greece overview.

([137])The prolonged presence of 'zombie' companies has spillover effects on healthy companies in the sector, damaging healthy competition. See 'Benefits for the Greek economy from resolving bad loans and zombie firms' published on the Economic Bulletin of Bank of Greece, July 2024 (https://www.bankofgreece.gr/Publications/oikodelt202407.pdf).

Graph A6.1: **Composition of non-financial corporations funding**



Source: Eurostat. End-2024.

Size and structure of the financial sector

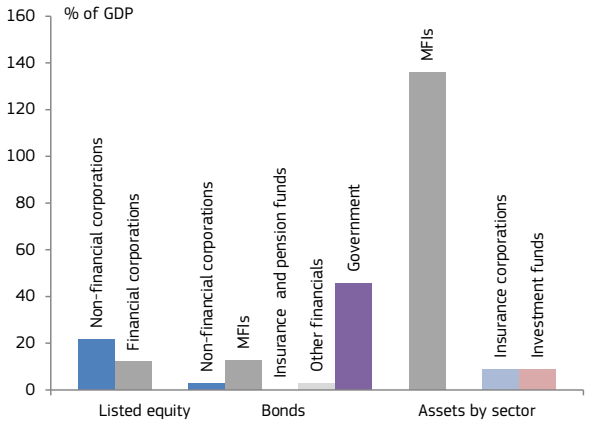
Greece's relatively small financial system remains overwhelmingly bank-centric, with non-bank financial intermediation still underdeveloped. In 2024, Greek banking sector assets were equivalent to 135.7% of GDP (EU average: 245.3%), far exceeding any other part of the domestic financial system. The sector is highly concentrated, with four large banks holding around 95% of total assets. Domestic banks have a sizeable presence abroad in Cyprus and Bulgaria. Foreign banks in Greece control only about 2% of the sector's assets. Insurance corporations held assets equivalent to 9.0% of GDP (well below the EU average of 53.3%), while investment funds had assets equivalent to 8.6% of GDP, pointing to the relatively limited role of institutional investors and indicating significant scope for further development. The Greek pension fund sector is particularly small, with assets amounting to only 1.1% of GDP, well below the EU average of 32.3% (Graph A6.2).

The Greek capital market is underdeveloped, and has been recovering since the Greek sovereign-debt crisis. Sources of alternative non-bank financing remain limited. The market-funding ratio has improved since 2018 but remains at low levels, reaching 28.8% in 2024, significantly lower than the EU average (49.7%, Table A6.2). Similarly, stock market capitalisation has increased, rising from 17.5% of GDP in 2018 to 40.9% of GDP in Q3-2025, but it remains well below the EU average of 70%. The market was demoted in 2012 from MSCI developed market status to emerging market status and is still in this category. However, Greece is likely to return to developed market status in 2026 for the MSCI, Stoxx and FTSE Russell indices. On the positive side, average daily turnover on the Athens Stock Exchange increased in 2025 by 56.6%. However, trading is highly concentrated, with the banking sector stocks accounting for 57% of that turnover. In November 2025, Euronext acquired a majority stake in the Athens Stock Exchange (including the subsidiaries offering clearing and depository services), and this is expected to result in the integration of the Greek stock market into Euronext's pan-European infrastructure. However, the associated benefits in terms of efficiency gains and cost savings will still be limited by the fact that Euronext operates through separate entities in each of the eight countries where it has a major stock exchange ([138]).

The Greek bond market remains largely underutilised by domestic firms, as debt-market financing remains a minor source of funding. Apart from government issuances, bond market activity is primarily driven by banks, largely to meet their MREL (minimum requirement for own funds and eligible liabilities) requirements. Issuances of debt securities by non-financial corporations are rare. In the past, this was explained by the lack of market demand for Greek corporate debt, which has recently started to change.

([138])The Euronext group operates: (i) trading venues in France, Italy, Belgium, Ireland, Portugal and Norway; (ii) central securities depositaries in Italy, Denmark and Norway; and (iii) a central clearing counterparty in Italy.

Graph A6.2: **Capital markets and financial intermediaries**



Source: ECB, EIOPA, AMECO. End-2024.

Households' participation in capital markets

Greek households own fewer financial assets – and invest these assets more conservatively – than households in other EU Member States, both in absolute and relative terms. As of end-2024, an average Greek household held less than half of the financial assets of an average household in the EU in absolute terms (Graph A6.3). Total financial assets held by households represented the equivalent of 145% of GDP, versus an EU average of 212%. Greek households hold 50.4% of their financial assets in cash and deposits (well above the EU average of 31.6%), with very limited investments in intermediated and diversified instruments. This outcome reflects a conservative approach to managing wealth, with a strong preference for safer and more liquid assets. Insurance products and pension funds accounted for only 5.8% of their assets (well below the EU average of 27.8%) and investment funds for 6.3% (vs 11.1%), pointing to a significant capital-market intermediation gap.

There is some scope to increase the level of retail participation in Greek capital markets. There is a sufficient variety of investment products available in the Greek market for retail investors. However, only a small share of the population shows an interest in investing in financial products. This is mainly due to the strong impact of the sovereign-debt crisis, which saw many retail investors suffer large losses. Other factors limiting greater retail participation in financial markets are low levels of disposable income, a general aversion to risk, and a strong preference for real estate ownership. The Greek tax environment is generally supportive of long-term investments, and the treatment of some financial products is very favourable. For example, there is no capital gains tax on EU-domiciled UCITS, and only 5% withholding tax on dividends. This may explain why Greece currently does not have a targeted savings and investment account similar to the instrument recommended by the European Commission ([139]).

Financial literacy in Greece is close to the EU average, and the Greek government has developed plans to improve it further. Over the past decade, Greece has made substantial progress in financial inclusion. Greece's overall financial-literacy indicator of 45 is close to the EU average score of 45.5 ([140]). According to OECD, the financial literacy score is in line with the average of the 19 EU member countries. However, on some key indicators, such as the percentage of Greeks with a bank account and the share of adults holding pensions or investment products, Greece ranks below its European Union peers ([141]). The Greek authorities have adopted a national financial-literacy strategy ([142]) and started to implement targeted initiatives in this area.

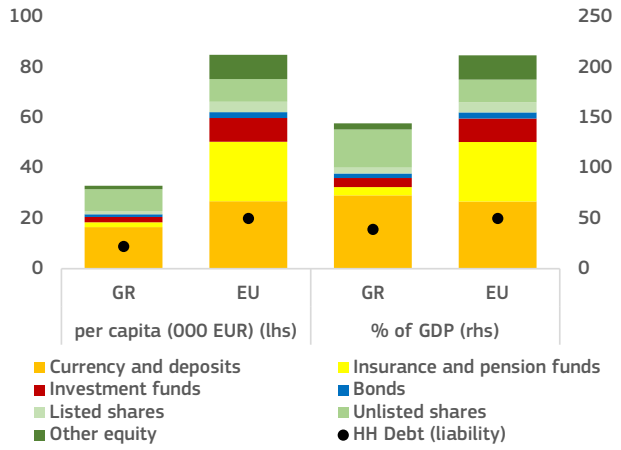
([139])Tax-advantaged savings and investment account as proposed in the Commission's SWD on increasing the availability of savings and investment accounts with simplified and advantageous tax treatment.

([140])See Indicator 27(c) Average Score of Commission staff working document: Monitoring progress towards a capital markets union: a toolkit of indicators - 2024.

([141])OECD (2024), Evidence on financial literacy of adults and young people in Greece.

([142])National Financial Literacy Strategy for Greece | OECD.

Graph A6.3: **Composition of households' financial assets**



Source: Eurostat. End-2024.

The banking sector: resilience and financing of the economy

Greek banks have continued to improve their fundamentals and remain well positioned to provide funding to the economy, despite some remaining legacy challenges. Driven by solid profit generation, the capital adequacy of Greek banks improved further in 2025. The return on equity ratio stood at 12.3% in Q3-2025, well above the EU average of 9.6% (see Table A6.2). The common equity tier 1 (CET1) ratio reached 15.9% in Q3-2025 (EU average: 16.8%), of which [44.6]% consisted of deferred tax credits. Banks' liquidity positions also remained strong, underpinned by bond issuances and deposit accumulation. Asset quality continued to improve, with the NPL ratio of Greek banks declining to 2.8% in Q3-2025, still well above the EU average of 1.9% ([143]). The results of the 2025 EU-wide stress test ([144]) confirmed the resilience of Greek banks. In October 2025, the Bank of Greece increased the countercyclical capital buffer rate to 0.5%, with the measure taking effect in October 2026.

Credit growth to Greek NFCs was robust in 2025, while lending to households turned positive. Credit to the corporate sector remained strong in 2025, expanding by 16.6% year-on-year in the third quarter of 2025, supported by both co-financing under the Loan Facility (the largest measure in the Greek recovery and resilience plan), as well as co-financing and guarantee programmes provided by development organisations. Lending to households, which had been contracting for 16 consecutive years, recorded a modest expansion in 2025, driven by growth in consumer credit and a subsidised housing loan programme.

Role of non-bank financial intermediaries

The relatively small asset base of institutional investors in Greece constrains their capacity to finance the economy. In Q3 2025, total assets of the insurance sector amounted to just 8.8% of GDP, well below the EU average of 53.9%. The Greek insurance market is largely driven by compulsory insurance products, either required by law or imposed by lenders as a condition for asset financing. In 2024, life insurance products (including group pension funds) accounted for only about 47% of total premiums, underscoring the limited penetration of long-term savings instruments.

The insurance sector nonetheless has substantial growth potential. According to EIOPA's 2024 dashboard, Greece, alongside Italy, has one of the largest insurance-protection gaps for natural catastrophes ([145]). Addressing the protection gap would not only be warranted for social and fiscal reasons. By increasing the asset base of the insurance sector, it would increase the sector's scope to fund the economy. Owing to their small asset base and the low share of long-term insurance products, insurance corporations' direct contribution to financing the Greek private sector currently remains very limited. Based on EIOPA 2024 data, Greek insurers' portfolios were concentrated in government bonds (37%) and investment funds (34%) with smaller allocations

([143])Over the past seven years, major Greek banks have substantially reduced their stock of NPLs, largely due to a state-sponsored securitisation programme known as the Hellenic Asset Protection Scheme (HAPS). Under HAPS, banks securitised NPLs and transferred them to credit servicers.

([144])EBA 2025 EU-wide stress test.

([145])EIOPA, 2024. Dashboard on Insurance Protection for Natural Catastrophes in a Nutshell.

to corporate bonds (15%), equity (5%) and other assets (8%).

The private pension sector in Greece remains underdeveloped. The Greek pension system is dominated by the first pillar (EFKA). Second pillar supplementary pensions are accumulated either through occupational pension funds (institutions for occupational retirement provision) or group pension schemes managed by insurance undertakings (private savings plans offered on a voluntary basis based on defined contributions). Coverage of the working population under these schemes remains limited. In 2024, 27 sector-based institutions for occupational retirement provision had 56 503 members holding EUR 485 m in assets, while approximately 1 200 group pension schemes held an additional EUR 2 billion worth of assets. Assets were concentrated on debt securities (45%) and investment funds (36%). Recent legislative changes have equalised the tax treatment of the two types of schemes (institutions for occupational retirement provision and group pension schemes), maintaining a reasonably favourable tax framework for participants. Nevertheless, asset accumulation within the system remains constrained, and stands at 8 600 EUR per capita on average. Furthermore, participation in occupational pension funds depends entirely on whether the sector someone works in has such a scheme. If an employee changes to another employer in different sector, contributions stop, and assets cannot be transferred.

Investment funds in Greece have been growing rapidly, albeit from a very low base. Mutual fund assets reached EUR 29 billion at end-2025, up from EUR 11 billion in 2022. This accelerated growth was driven mainly by a partial reallocation of household savings from bank deposits and term accounts toward investment products searching for higher yields. The sector remains highly concentrated, with four mutual fund management companies affiliated with the four largest banks accounting for 83.8% of total mutual fund assets at end-2025. Despite this expansion, the overall size of the sector remains modest. In Q3 2025, the total assets of all investment funds amounted to 9.9% of GDP, well below the euro area average of 132.6%.

Venture capital ecosystem

The Greek venture and growth capital ecosystem continues to lag European peers. Venture capital investments in Greece averaged 0.017% of GDP over 2022-2024, well below the EU average of 0.064% ([146]). Similarly, private equity (PE) investments averaged 0.121% of GDP during the same period, compared with the EU average of 0.487% ([147])([148]). Nevertheless, Greek firms are able to access finance at initial stages of their development. State-sponsored initiatives are playing a significant role in mobilising investment for start-ups via EquiFund ([149]) and its successor programmes. Equifund operates as a fund-of-funds programme through a public-private partnership between the Greek government and the European Investment Fund. In addition, the recovery and resilience plan Loan Facility is supporting financing schemes to scale up Greek businesses (see Annex 4).

([146])European Commission, 2025, Overview of CMU Indicators, 16.

([147])European Commission, 2025, Overview of CMU Indicators, 11.

([148])Differences in VC/PE indicators across annexes reflect the use of distinct data sources. Annex 6 uses CMU Dashboard data for consistency across CMU indicators, while Annex 4 uses InvestEurope data, which are disaggregated by investment stage. Variations in reported figures are therefore due to underlying source definitions.

([149])Website equifund.gr.

Table A6.2: **Financial sector indicators**

		2018	2019	2020	2021	2022	2023	2024	2025-Q3	EU
Banking sector	Total assets of MFIs, % of GDP	162.0	167.2	200.6	177.9	158.2	141.1	135.7	133.5	246.1
	Common equity Tier 1 ratio	15.3	16.2	15.0	13.6	14.4	15.5	15.9	15.9	16.8
	Total capital adequacy ratio	16.0	17.3	16.7	16.2	17.4	18.8	19.7	20.1	20.2
	Overall NPL ratio, % of all loans	41.6	35.5	26.5	8.6	6.2	5.0	3.0	2.8	1.9
	NPL ratio, loans to NFCs	46.1	38.2	31.0	15.2	9.3	7.0	3.0	2.7	3.5
	NPL ratio, loans to HHs	46.5	43.5	37.4	12.0	11.1	8.3	6.9	6.7	2.1
	Return on equity ratio[1]	-0.4	0.7	-7.9	-20.1	12.7	12.0	11.7	12.3	9.6
	Loans to NFCs, % of GDP	42.2	36.3	39.6	31.2	30.5	29.6	30.9	31.4	29.3
	Loans to HHs, % of GDP	48.3	43.1	40.8	25.6	20.8	18.5	16.5	15.3	43.6
	NFC credit growth rate, %	0.3	1.8	10.2	3.2	12.0	6.0	13.8	16.6	2.5
	HH credit growth rate, %	-2.2	-2.7	-2.0	-2.1	-2.3	-1.9	-0.4	1.2	2.6
Non-banking sector	Stock market capitalisation, % of GDP	17.5	24.5	23.4	26.9	25.1	31.4	33.5	40.9	69.9
	Initial public offerings, % of GDP	0.00	0.00	0.00	0.00	0.18	0.00	0.00	-	0.06
	Market funding ratio	23.2	25.6	25.9	32.1	30.2	29.5	28.76	-	49.7
	Private equity, % of GDP	0.040	0.051	0.070	0.192	0.203	0.230	0.121	-	0.487
	Venture capital, % of GDP	0.009	0.012	0.014	0.020	0.026	0.026	0.017	-	0.064
	Financial literacy, composite index	-	-	-	-	-	45.0	-	-	45.5
	Bonds, % of HHs' financial assets	1.3	1.3	1.2	1.4	1.6	2.8	3.1	-	2.8
	Listed shares, % of HHs' financial assets	2.5	2.9	2.9	3.4	3.2	4.1	4.1	-	4.8
	Investment funds, % of HHs' financial assets	2.7	2.9	2.9	3.7	3.2	4.5	6.3	-	11.0
	Insurance/pension funds, % of HHs' financial assets	6.3	6.4	6.8	6.5	5.8	5.8	5.8	-	27.8
	Total assets of insurers, % of GDP	9.4	10.2	11.9	11.2	9.0	9.1	9.0	8.8	53.9
	Pension assets, bn EUR	-	-	-	1.8	1.8	2.2	2.7	-	5813.8
	Pension assets, % of GDP	-	-	-	1.0	0.9	1.0	1.1	-	32.3
	10y real return average of pension assets, %	-	-	-	-	-	2.4	2.1	-	1.4
	Pension funds assets, ECB (% of GDP)	-	0.9	1.0	1.0	0.9	1.0	1.1	1.1	23.0

1-3 | 4-10 | 11-17 | 18-24 | 25-27 — Colours indicate performance ranking among the 27 EU Member States.

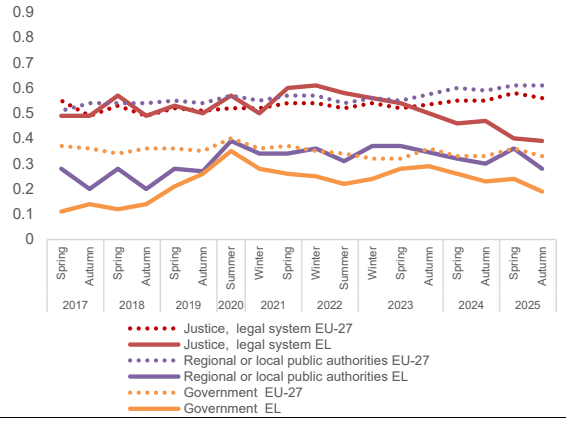
(1) Annualised data. EU data for credit growth and pension funds refer to the EA average.

Source: ECB, Eurostat, European Insurance and Occupational Pensions Authority, DG FISMA CMU dashboard, AMECO.

An effective institutional framework is essential for competitiveness. This requires public trust built on integrity, quality legislation, regulatory simplification and efficient services for people and businesses. For Greece, the 2025 country specific recommendations (CSRs) highlighted challenges concerning the effectiveness and efficiency of public administration, focusing on the implementation of a multi-level governance framework and the need to simplify regulation and reduce the administrative burden.

Public trust

Graph A7.1: **Trust in the justice system, regional / local authorities and in government**



(1) EU-27 since 2019; EU-28 before
Source: European Commission, Standard Eurobarometer surveys

Trust in public institutions is below the EU average. Trust in central government and regional and local authorities is at the lowest levels amongst the Member States, and trust in the judiciary has declined markedly since 2017 (Graph A7.1). The latter may be explained by the slow disposition time in administrative and civil courts (see 'justice' below). However, businesses (45%) and citizens (35%) firmly believe that the public administration protect their data, a level of trust above the EU average (34% for businesses and 24% for citizens).

Quality of lawmaking and implementation

Greece uses only limited tools to monitor the quality of legislation (Table A7.1). Regulatory impact assessments (RIAs) have been carried out systematically for primary legislation since 2019 ([150]), but the quantitative analysis focuses only on fiscal aspects. The impact on people, business and innovation are not assessed on the basis of quantitative data. A requirement for the *ex post* evaluation of legislation has been adopted ([151]) but has yet to be implemented ([152]). Following up on recommendations to enhance evidence-informed policymaking, developed under the Technical Support Instrument, a new unit on documentation and statistics will support the general secretariat for coordination in the *ex post* assessment of public policies ([153]).

Greece's lawmaking rules demonstrate limited alignment with best practice in terms of reducing regulatory burdens and ensuring effective implementation (Table A7.1). For instance, the government is not required to consider alternative non-legislative options when developing new primary laws, thereby missing an opportunity to help simplify legislation and reduce unnecessary legislation, while maintaining policy objectives.

A number of factors undermine the ability to monitor the implementation of legislation. The government is not obliged to i) draw up a procedure for measuring progress towards achieving a primary law's objectives, ii) identify potential enforcement mechanisms, or iii) assess the level of compliance when developing new primary legislation. The oversight of better regulation tools is hindered by i) the lack of publicly available assessments of the effectiveness of RIAs in amending regulatory proposals, ii) the ineffectiveness of *ex post* evaluations in improving the regulatory stock and

([150])Law 4622/2019, OJ A 133/07.08.2019.

([151])Law 4622/2019, OJ A 133/07.08.2019.

([152])OECD, 2025, Regulatory Policy Outlook 2025, OECD Publishing, Paris, https://doi.org/10.1787/56b60e39-en.

([153])Presidential Decree 1/2026, OJ A 2/9.1.2026

Table A7.1: **Greece. Selected indicators on better regulation practices for primary legislation**

Tools for smart legislation:	
Share of possible impacts assessed for all primary laws when developing legislation	
Regulators are required to identify and quantify the benefits of a new primary law	
Regulators are required to identify and assess the impacts of alternative non-regulatory options	
Tools for effective implementation: when developing laws, regulators are required to:	
Assess the level of compliance	
Identify and assess potential enforcement mechanisms	
Specify the methodology of measuring progress in achieving the law's goals	
Oversight of better regulation:	
There is an external body responsible for reviewing the quality of RIAs and of ex post evacuations	
There are publicly available assessments of the effectiveness of RIA in modifying regulatory proposals	
There are reports on the level of compliance by government department with the requirements of RIA	
There are indicators on the percentage of ex post evaluations that comply with guidelines	
The effectiveness of ex post evaluations in improving the regulatory stock has been assessed in the last five years	

High / yes / for all primary laws | Medium / in part / for major primary laws | Low / for some primary laws | Very low / no / never

Source: OECD (2025), Regulatory Policy Outlook 2025 and Better Regulation across the European Union 2025.

iii) the absence of an external body to review the quality of *ex post* evaluations of legislation.

Furthermore, the quality of legislation is stymied by a number of obstacles. These include i) the short time for adoption ([154]), ii) fast-changing legislation ([155]), iii) the incorporation of last-minute amendments and iv) the addition of topics unrelated to the subject matter of draft legislation. Such factors undermine business certainty and confidence in effective investment protection ([156]).

Progress has been made in digitalising the lawmaking process and consolidating legislation. The general secretariat for legal and parliamentary affairs, a government body responsible for better regulation, has standardised processes and workflows for lawmaking in the presidency of the government and the ministries. This will be achieved by means of manuals on drafting legislation, impact assessments and a manual on legal codification ([157]). New tools to increase efficiency and transparency include the digitalisation of the drafting of legislation, a digital platform for drafting RIAs and the launch of a public consultation platform for direct interaction with ministries. Attempts are ongoing to enhance legal certainty through codification, including on taxation matters under the Recovery and Resilience Facility, in response to the CSR on reducing the administrative burden.

Greece adopted a legislative framework on multi-level governance in 2023, but this has not yet fully come into force. The distribution of responsibilities across levels of government will be further clarified in the code of local authorities, to be voted on in spring 2026. In addition, Greece is planning to integrate AI functions into its dedicated information system, which will enable the automatic identification, definition and registration of the new responsibilities assigned to public sector entities. Once multi-level governance is fully operational. some sectors with overlapping responsibilities, such as civil protection and water management, are expected to be streamlined, thereby strengthening accountability.

Public service delivery and digitalisation

Greece has shown progress towards digitalisation of its public services but faces challenges in the area of user friendliness. Only 40% of people and 32% of companies are satisfied with public-administration services (EU 45% and 42% respectively). Citizens are concerned with the time it takes to receive a response (47%), identifying the correct service and

([154])Own calculations, based on national parliaments websites.

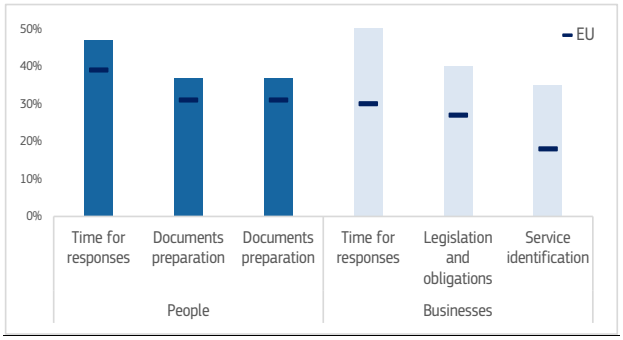
([155])European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services.

([156])European Commission, 2025, Rule of Law Report, pag. 16,17.

([157])Hellenic Parliament, 2026, Principles and Tools for Good Regulation.

gathering documents (37%) (Graph A7.2). Businesses report difficulties when interacting with public administration in the areas of licensing and permits (39%), regulation of employment (38%) and tax compliance (37%). Such challenges create additional operational costs for companies (Greece 55%, EU 30%) and are perceived as an obstacle to expanding to new markets (Greece 25%, EU 14%).

Graph A7.2: **Most time-consuming aspects of service delivery**



Source: European Commission. Flash Eurobarometer 567 / 568 on satisfaction with administrative services (2026)

Greece remains slightly behind Digital Decade targets as regards offering digital public services to people and to companies (Table A7.2). The availability of electronic health records has also stagnated. The rate of digital-service use in Greece is slightly above the EU average. In 2025, 80% of people used e-government services (EU average 76%) ([158]). Both people and business find that digital services save time and effort. People would find digital services more attractive if they were designed in a more user-friendly way (78%) and had step-by-step guidance (76%). Key reasons for businesses not to use digital services are that what they need is not available (53%) or too difficult to use (46%). The complexity of administrative procedures is also reported as an obstacle by 77% of businesses (EU average 66%) ([159]).

Greece is working to improve the quality of digital public services through integrated delivery. A portal launched in 2020, www.gov.gr, is the single national gateway that brings services for people and for businesses under one interface. It also provides English-language navigation for certain popular services and life-event categories. Businesses and people can access over 2 200 e-services from ministries, municipalities and independent authorities, many of which have been redesigned around life events ([160]). A digital assistant chatbot called mAIgov also helps people interact with public services.

Starting a business in Greece remains a challenge. In early 2025, Greece launched a new digital platform to simplify the licensing process for businesses. The purpose of the new system, OpenBusiness, is to simplify the process, lower the burden and reduce the costs and time needed to set up and run a business.

However, Greece ranks low among EU countries in terms of issuing building permits. Businesses can be set up quickly through the General Commercial Registry (GEMI), but if a new facility needs to be built for the productive investment, the process can take years ([161]). The e-Adeies platform has made the filing of building permits fully digital since 2018. However, delays persist in processing building permits. To address these shortcomings, the government announced in 2025 that the issuing of building permits will be transferred from municipal building services to a unified digital hub (called *Hellenic Cadastre*) for the lifecycle of property management.

The largest investment from Greece's recovery and resilience plan (RRP) (EUR 2.17 billion) was in digitalising the public sector and public services. This was reinforced by support from the cohesion funds (EUR 370 million). The RRP also includes investment for developing digital skills in the public and private sectors, and for ICT specialists (approximately EUR 755 million) with EUR 61 million from the cohesion policy ([162]).

Greece is also working to make its digital services accessible from other EU countries. The country is currently issuing IDs with a unique personal number, planned to be the basis of the

([158])European Commission, 2025, Digital Decade: eGovernment Benchmark.

([159])European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services.

([160])European Commission, upcoming, Simplification of key life events.

([161])World Bank, 2025, Subnational Business Ready in the European Union 2025: Greece. Summary available at: Still hard to start a business in Greece | eKathimerini.com.

([162])European Commission, 2025, Digital Decade 2025: Country reports.

Table A7.2: **Digital Decade key performance indicators: availability of digital public services**

	Greece			EU-27
	2023	2024	2025	2025
Digital public services for citizens (0 to 100)	**65**	**76**	**77**	**82**
Digital public services for businesses (0 to 100)	**74**	**86**	**79**	**86**
Access to electronic health records (0 to 100)	**61**	**74**	**74**	**83**

(1) Digital Decade target by 2030: 100. (2) Publishing year, data was collected in the previous year
Source: European Commission, State of the Digital Decade report 2025.

European electronic identification scheme. By end of 2024, 1.5 million IDs had been issued ([163]). A system has been set up by the Ministry of Digital Governance to automate the process and reduce the time it takes.

Greece has enabled the cross-border exchange of data and documents between authorities through the EU once-only technical system (OOTS). When services ([164]) become accessible, people and businesses will no longer have to search for their data, download and upload documents manually across e-government portals in different Member States. It would be beneficial for the Greek authorities to identify the types of documents and data they need to exchange through the system and explore ways to shift from the submission of unstructured to structured data formats. Greece would continue to benefit from connecting authorities to the OOTS, fostering cross-border exchanges and encouraging synergies with related EU-wide projects.

Civil service

Greece is in the process of reforming its civil service to increase performance and enhance meritocracy. The reforms aiming at addressing the CSRs in this area include implementing annual performance appraisals linked to government objectives and a fair bonus system rewarding performance. Other reforms cover speeding up recruitment through electronic competitions organised by the independent authority for personnel selection (ASEP) and annual recruitment planning based on workforce planning. The adopted reform in the disciplinary framework for civil servants ([165]) is expected to improve ethics and legal certainty by ensuring that disciplinary offences are resolved in a timely manner. Greece will receive technical support for updating the existing competency framework for civil servants.

A number of challenges persist, including an ageing workforce and adult learning. Only 6% of Greek public administration employees participate in adult learning, which is far below the EU average of 19%. Moreover, the Greek civil service is aging with percentages below the EU average. To tackle this problem, extensive certified training courses on a wide spectrum of topics for public administration have been run from 2023 to 2026. The trainings were delivered with the help of the RRP, the National Centre for Public Administration and Local Government (EKDDA) and the private sector. Work is also underway – with EU technical support to transform EKDDA and to attract talented professionals, using behavioural science, faster recruitment processes and more attractive employment opportunities. Lastly, Greece has announced plans to introduce a new, automatically launched, selection system for management positions (approximately 29 000 posts), which will be based on written exams.

Integrity

Corruption is still perceived as widespread in Greece and reported experiences of corruption remain high. 97% of companies say corruption is widespread, far above the EU average of 63%. This correlates with 95% of companies

([163])European Commission, 2025, Digital Decade 2025: Country reports.

([164])Procedure types under Annex II of the SDGR (2018/1724/EU) and directives 2005/36/EC, 2006/123/EC, 2014/24/EU and 2014/25/EU.

([165])Law 5225/2025.

stating that overly close links between business and politics lead to corruption (EU: 76%). With 75% of businesses flagging corruption as a problem – more than twice the EU average of 35% – corruption appears to be perceived as a major practical obstacle to running a business in Greece ([166]). Public procurement is a sector that is viewed as particularly vulnerable to corruption, collusion and conflicts of interest in Greece. Delays in the approval of licences and permits may deter businesses from taking part in tendering procedures ([167]) (see Annex 5). The proportion of companies that report being asked or expected to offer a gift, a favour or extra money to obtain permits, services or procurement opportunities is almost twice the EU average (Greece: 18%; EU: 10%). The proportion of companies that believe that those caught bribing a senior official are punished appropriately is below the EU average (Greece 24%; EU 33%) ([168]). This suggests that there is considerable room for improvement in enforcement and deterrence.

Greece has taken a number of steps to improve the prevention and detection of corruption. The Greek National Anti-Corruption Authority has developed the National Anti-Corruption Strategic Plan 2026-2030, which is under adoption. The law on asset declarations has been amended ([169]) to improve compliance, to simplify and streamline procedures, and to enable the authorities to uncover discrepancies, unexplained wealth and hidden assets more quickly and efficiently. However, despite improvements in the implementation and enforcement of the lobbying rules, registrations have increased only slightly since August 2025. The framework would therefore benefit from further measures to increase awareness and improve enforcement. The Hellenic competition commission introduced a dedicated digital whistleblowing system specifically designed for contracting authorities to report bid rigging in public procurement procedures (see Annex 5).

([166])European Commission, 2025, Flash Eurobarometer survey 557 on Businesses' attitudes towards corruption in the EU.

([167])European Commission, 2025, Rule of Law Report.

([168])European Commission, 2025, Flash Eurobarometer survey 557 on Businesses' attitudes towards corruption in the EU.

([169])Law 5130/2024.

Greece has taken measures to improve the investigation and prosecution of corruption. The Government is developing a shared register for handling corruption cases to consolidate and improve the reliability of data and to help tackle corruption cases more efficiently. While investigations on corruption offences increased slightly, there is room for improvement in increasing the number of concluded prosecutions and convictions for corruption offences, including at high level. As part of a police reorganisation, a new department for combating organised crime has been set up to enable a more strategic approach to combating organised crime, including corruption.

Justice

The justice system continues to face serious challenges as regards its overall efficiency, in particular regarding the length of proceedings and the insufficient level of digitalisation. The time taken to reach a decision in civil and commercial cases in first-instance courts decreased from 771 days in 2023 to 737 in 2023. This is still among the longest in the EU. However, initial statistics from the three largest courts show significant improvements in case disposition times and clearance rates following the implementation of the new judicial map for civil and criminal justice. The estimated time to resolve administrative cases in first-instance courts is also long (445 days in 2024, compared to 439 days in 2023). Efforts are ongoing to improve the quality of the justice system: a number of projects are under way to improve the level of digitalisation. Progress is still limited to certain courts and does not cover all workflows. Electronic and paper-based systems are still used in parallel. Procedural rules could be updated to enable the adoption of digital tools to reduce delays and boost the efficiency of the administration of justice.

There are also ongoing projects to digitise access to case law for ordinary courts, which would increase transparency and trust in the judiciary. Greece lags behind in digital solutions to initiate and follow proceedings in civil/commercial and administrative cases, and in online access for the general public to published judgments. The country also significantly lags

behind regarding arrangements for producing machine-readable judicial decisions ([170]).

([170])For a more detailed analysis of the performance of the justice system in Greece, see the upcoming 2026 EU Justice Scoreboard and the 2025 Rule of Law Report.

Greece faces significant challenges in industrial decarbonisation and transition to a zero-pollution economy. Although the country is projected to substantially overachieve its 2030 effort sharing target, decarbonising the road transport sector remains a major challenge. Greece's 2025 country-specific recommendations highlighted concerns regarding its continued reliance on fossil fuel subsidies and the need to accelerate the process of decarbonising transport. Despite some progress in these areas, significant challenges persist. Greece's transition to the circular economy is slow, as its national plan for the circular economy for 2012-2025 has yet to be fully implemented. Recycling rates are low and the country is lagging behind on waste management.

Industry decarbonisation

Greenhouse gas emissions from industry

Greece's manufacturing sector faces major challenges in decarbonising and emits relatively high volumes of greenhouse gases per unit produced ([171]). In 2024, the share of manufacturing (excluding division C19, the manufacture of coke and refined petroleum products) in Greece's greenhouse gas emissions has been 13 % ([172]). With almost one forth, the share of energy-intensive industries (NACE divisions C17, C20, C23, C24) in manufacturing GVA (excluding C19) is among the highest in the EU. With 46% in 2024, the share of electricity and renewable energy in the final energy consumption of manufacturing has been slightly above the EU average of 44% Between 2019 and 2024, Greece has reduced the greenhouse gas emissions intensity of manufacturing production by 44%, from about 980 to about 430 g/€.

Policies to promote industry decarbonisation

Greece has taken some steps to decarbonise its industry, however the targeted measures adopted for energy-intense sectors remain relatively modest. They focus mainly on managing energy costs and providing indirect support rather than on setting out a comprehensive industrial decarbonisation framework. Given the high energy costs, Greece would benefit greatly from action to decarbonise these sectors. Decarbonising the highest emitting sectors would require decisive action to promote the shift to electricity. This in turn would require upgrading the electricity grid to handle energy from distributed renewable sources, more renewable energy capacity, improving energy efficiency across sectors and investing in green hydrogen and battery storage solutions.

Greece's updated national energy and climate plan (NECP) 2021–2030 ([173]) provides the overarching strategic framework guiding the process of decarbonisation across sectors, including industry. The NECP incorporates renewable hydrogen as a strategic energy source with a view to 2050, but future investments to decarbonise the energy sector remain very modest. The NECP also anticipates upcoming efficiency gains in energy consumption in industry as well as decarbonisation gains by switching to electricity. The aim is for electricity to provide 72% of energy consumed in the industrial sector, up from 40% in 2022 ([174]), with petroleum and bioenergy providing the remainder. The take-up of renewable energy in industry is expected to

([171])This Annex discusses the transition of Greece's manufacturing industry, specifically its energy-intensive industries, to low-carbon and net-zero modes of production, which is key to preserving competitiveness on the path towards climate neutrality as mandated by the European Climate Law. A broader perspective on the current competitiveness challenges facing Greece's manufacturing industry is provided in Annex 5. For a more detailed description of greenhouse gas emissions from industry, see European Commission (2025), 2025 Country Report - Greece, Commission staff working document, SWD (2025) 205 final, Brussels, 4.6.2025, Annex A7. Clean industry and climate mitigation.

([172])Data on the manufacturing sector exclude the NACE division C19 – manufacture of coke and refined petroleum products, for better match of the sectoral data from Eurostat (gross value added) with those from the UNFCCC under the Common Reporting Format. Also see further indicators on industry decarbonisation, as well as the annotation for further information, in table A8.1 at the end of this Annex.

([173])Greece - Final updated NECP 2021-2030 (submitted in 2025, European Commission.

([174])NECP page 52.

rise to 34% by 2030, before almost doubling to reach 65.8% by 2050 ([175]).

Greece has not yet developed a policy framework nor investment incentives to support manufacturing in net-zero technologies. REPowerEU investments under the recovery and resilience plan entail a wide range of investments, from energy efficiency and promoting renewable energy, pilot projects for biomethane and renewable hydrogen, and promoting carbon capture and storage (CCS) technologies to foster industry decarbonisation. Greece has recently adopted its first law to promote and regulate CCS and has advanced work on the first storage site in the country.

Greece participates actively in the EU Innovation Fund, where it focuses on decarbonising energy-intensive sectors such as cement and refining as the primary beneficiaries of project-based support under this Fund. For example, Greek cement producers are involved in Innovation Fund-supported CCS and fuel substitution projects aimed at achieving deep emission reductions in clinker production. These projects contribute to a first-of-a-kind deployment and to reducing technological and investment risks in hard-to-abate sectors ([176]). A major method of financing industrial decarbonisation is to use emissions trading system (ETS) revenues. In 2024, Greece used less than 2% of its ETS revenues for this purpose.

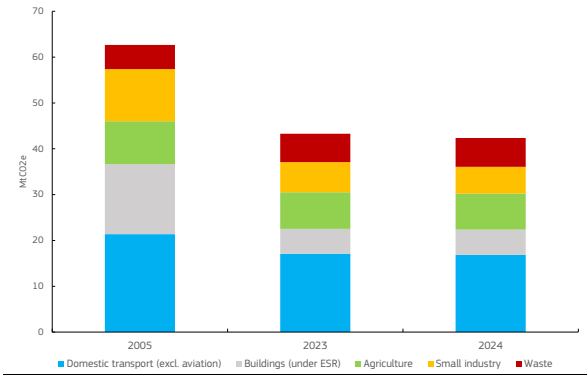
Reduction of effort sharing emissions

Compliance with effort sharing limits with domestic measures

Greece is projected to overachieve its 2030 effort sharing target ([177])**.** In 2024, greenhouse gas emissions from Greece's effort sharing sectors are expected to have been 32.9% below 2005 levels. By 2030, with current and planned policies and measures, these emissions are expected to decrease by 43.3%, resulting in a surplus of 20.6 percentage points relative to the 2030 target, a 22.7% reduction. Greece is projected not to exceed its effort sharing emissions limits in any year in the 2021-2030 period.

Between 2023 and 2024, greenhouse gas emissions in Greece's effort sharing sectors were 6 percentage points below 2005 levels. Greece's share of effort sharing emissions generated by waste is the highest in the EU, accounting for 15% (EU average: 5%) ([178]). In 2024, greenhouse gas emissions from road transport in Greece had decreased by 21% since 2005, and by a further one percentage point since 2023 ([179]). Still, in 2024, road transport generated 40% of Greece's effort sharing emissions.

Graph A8.1: **Greenhouse gas emissions in the effort sharing sectors, 2005, 2023, and 2024**



Source: European Environment Agency.

Sustainable transport

Greece remains heavily reliant on road transport, which accounts for an outsized

([175])NECP page 396.

([176])INNOVFUND_Greece.pdf.

([177])The national GHG emission reduction target is set out in Regulation (EU) 2018/842 (the Effort Sharing Regulation). It applies jointly to buildings (heating and cooling), road transport, agriculture, waste and small industry (known as the effort sharing sectors). The emissions from effort sharing sectors for 2024 are based on approximated inventory data. The final data will be calculated in 2027 after a comprehensive review. Projections about the impact of current policies ('with existing measures', WEM) and additional policies ('with additional measures', WAM) as per Greece's 2025 reporting under Article 17 of Regulation (EU) 2018/1999 (the Governance Regulation). Also see European Commission (2025), Climate Action Progress Report 2025 – Technical Information, Commission staff working document, Brussels, Chapter 9 (pp. 111ff.), and in particular Tables 25 and 26.

([178])See Graph A8.1, and Table A8.1 at the end of this Annex.

([179])https://www.eea.europa.eu/en/analysis/maps-and-charts/greenhouse-gases-viewer-data-viewers. 1.A.3.b Road Transportation sector taken into account.

share of all transport modes ([180]). In 2023, the split of passenger transport was 83.8% by car and 14.5% by bus and coach, putting Greece in fifth place on the use of buses and coaches ([181]). Other forms of transport than cars and buses account for only 1.7% of passenger transport on land ([182]). In 2023, almost all freight (98.7% of all tonne-kilometres) was transported by road.

Greece lags behind the EU average on the shift to electric road transport ([183]). The 2025 CSRs for Greece highlighted challenges in the process to decarbonise the transport sector, notably in terms of the shift to electric transport, urban and inter-regional public transport, and railway infrastructure and operations, also in terms of interoperability, efficiency and safety. Greece is renovating its car fleet, with an 11.5% increase in car registrations between 2019 and 2024, but its vehicle fleet is among the EU's oldest ([184]). Decarbonising road transport still faces systemic challenges, with zero-emission vehicles not exonerated from concession tolls ([185]). A positive sign is that the Greek authorities are committed to enforcing the provision in the national Climate Law setting out that, as of 1 January 2026, all newly registered taxis in the Athens/Attica region and Thessaloniki must be zero-emission vehicles (electric or hydrogen). Battery electric passenger cars comprised only 6.15% of new registrations in 2025 ([186]), less than half of the EU average of 17.5%. Only 0.3% of cars in Greece are battery electric. This is a significant challenge to meeting the objectives on transport decarbonisation ([187]), on improving energy efficiency, reducing strategic dependency on imported hydrocarbons and tackling pollution.

The shift to electric transport has progressed faster in public transport, with zero-emission buses and coaches accounting for nearly 15% of new registrations in 2025, a significant achievement given that the first registrations of electric buses were in 2023 ([188]). Under the EU's Recovery and Resilience Facility (RRF), Greece is expected to add more than 400 new electric buses in Attica and Thessaloniki by 2026. However, the shift to electric buses is insufficient to deliver sustained CO_2 emission reductions without a faster take-up of electric passenger cars and a modal shift. In terms of charging infrastructure, Greece is making strides in installing public charging points, reaching nearly 10 000 ([189]). This means that Greece has one of the highest shares of public charging infrastructure relative to the number of electric vehicles, due more to the limited take-up of electric vehicles than to a truly extensive infrastructure network, which is far from the level needed to support widespread electric transport ([190]). Since 2014, the Connecting Europe Facility (CEF-T) has supported 18 railway investment projects covering over 409 km of rail lines, with a total investment of EUR 1.4 billion. The share of alternative fuelled light-duty vehicles (M1 + N1) in 2024 was 3.7% of the total fleet and registrations of electric vehicles indicate an increasing trend. There is a much higher share of electric vehicles (BEVs) than hydrogen vehicles. In parallel, the alternative fuel infrastructure in Greece is on a similar upwards trend, with 7 195 AC and 1 562 DC charging points installed, respectively.

([180])See EU Statistical pocketbook 2025.

([181])Idem.

([182])Idem.

([183])See EU Alternative Fuels Infrastructure Observatory.

([184])Greek cars and lorries are 17 and 23 years old on average compared to EU averages of 12 and 14.2 years, see Greece's updated NECP.

([185])See Presidential Decree No. 104 Άρθρο 4, παράγραφος 6 and Άρθρο 8, παράγραφος 6, εδάφιο β. Presidential Decree No. 104, Government Gazette Issue A' No. 221/05.12.2025 on the Harmonization of the Greek legislation with Directive (EU) 2022/362 of the European Parliament and of the Council of 24 February 2022 amending Directives 1999/62/EC, 1999/37/EC and (EU) 2019/520, as regards the charging of vehicles for the use of certain infrastructures (hereinafter 'Presidential Decree No 104'). https://www.e-nomothesia.gr/kat-aytokinita/pd-104-2025.html.

([186])See EU Alternative Fuels Infrastructure Observatory.

([187])In its NECP, Greece aims to reach a 30% share of new vehicles operated in 2030 that are electric (BEV, PHEV).

([188])Vehicles and fleet | European Alternative Fuels Observatory.

([189])Δημοσίως Προσβάσιμα Σημεία Φόρτισης.

([190])Also see Annex 18.

Sustainable industry

Circular economy industry

As of 2025, Greece's circular economy action plan has not been fully implemented, and recycling rates remain low. In 2022, Greece adopted its national action plan for the circular economy for 2021–2025. Many of its key initiatives focus on waste management, but most actions have not yet been implemented. Greece ranks very low on the recycling of municipal waste, with only 17.4% of municipal waste recycled (compared with the EU average of 48%) and on a downward trend since 2018 ([191]). It also performs below the EU average on the recycling of plastic packaging (approximately 33% in 2023 against the EU average of 42%) ([192]). However, it leads the EU on recovering construction and demolition waste, with 100% recovered (against the EU average of 89% in 2020)([193]). Greece has filed very few patents related to recycling and secondary raw materials over the last decade, with zero patents filed ([194]).

The circular economy sector in Greece accounted for only 1.5% of total employment in 2023 ([195]). This is a 12% decrease from 1.7% in 2014 and it trails the EU average of 2%. Per capita material consumption decreased only marginally (by 0.9%) over the past five years, and resource productivity has increased by 41% over the same period (from 2019) ([196]). Moreover, Greece's circular use of materials increased until 2022, when it peaked at 6.3%, but then declined, reaching 5.2% in 2024, well below the EU average of 12.2%, underscoring the persistent reliance on primary resources ([197]). Waste generation in 2023 was slightly above the EU average, at 523 kg/capita for Greece, compared with 511 kg/capita in the EU ([198]).

Greece makes uneven use of environmental taxation, with energy-related instruments comparatively well developed, but non-energy taxes on pollution and resource use limited or set at levels that provide weak price signals. There is potential to develop these tools to encourage sustainable practices, raise revenue and reduce waste**.** Total environmental taxes amounted to EUR 11.6 billion in Greece in 2022, representing 5.6% of its GDP (well above the EU average of 2.0%) ([199]). However, these are largely energy taxes, while taxes on pollution and resources, at 0.04%, were well below average (EU average: 0.08%). Greece applies taxes to the landfilling of untreated municipal waste and residues from municipal waste treatment. It also applies product charges (levies on plastics) and user charges (charges for visits to national parks, hunting and fishing taxes).

Greece still lags behind on waste management. It was the worst performer in the EU on the landfilling of municipal waste (landfilling 81% against the EU average of 22% in 2023) ([200]). This was a slight decrease from 2010 (1.3%). Greece is still paying fines for its illegal landfills, as well as the treatment of its hazardous waste. The incineration rate is 2%, but only 17.4% of municipal waste is recycled (against 48% in the EU), well below the relevant EU recycling targets. It remains to be seen what effect (if any) the landfill tax on municipal waste adopted in 2022 will have on these rates.

There are provisions to further develop extended producer responsibility (EPR) schemes in Greece. EPR schemes cover packaging waste from both household and non-household sources for all packaging materials. Greece also plans to put in place EPR schemes covering several product groups (textiles, agricultural plastics, medicines for household use, mattresses, furniture, toys, athletic equipment, light personal electric vehicles and electric

([191])Eurostat, Recycling rate of municipal waste.

([192])Eurostat, Packaging waste by waste management operations.

([193])Joint Research Center, Techno-economic and environmental assessment of CDW management, 2024.

([194])Eurostat, Patents related to recycling and secondary raw materials.

([195])Eurostat, Persons employed in circular economy sectors. Link.

([196])Eurostat, Resource productivity. Link.

([197])Eurostat, Circular material use rate. Link.

([198])Eurostat, Municipal waste by waste management operations. Link.

([199])European Commission, Environmental Implementation Review (2025), Greece *country report,* Link.

([200])Eurostat, Municipal waste by waste management operations.

bicycles) ([201]). To reach its circular economy objectives, Greece would need additional investment of just over EUR 1 billion to close the investment gap ([202]).

Bioeconomy industry

Greece's bioeconomy is gradually converging on productivity and sectoral diversification is emerging. While overall employment in the bioeconomy has shown limited growth, food and beverages, wood products and furniture, and bio-based chemicals and plastics all recorded positive employment growth, with the latter registering the strongest performance at 5.5% on average between 2018 and 2023 ([203]). A notable exception is textiles, where employment contracted sharply by 6.3%, reflecting ongoing structural pressure on one of Greece's historically significant manufacturing industries. Labor productivity, measured as value added per person employed, was 52.0% of the national average, still well below the economy-wide benchmark, but up from 47.8% in 2018, suggesting a gradual shift toward higher-value activities ([204]). Research and development (R&D) business expenditure from bioeconomy sub-sectors has also outpaced overall R&D growth in Greece (9.9% compared to 7.9% on average between 2018 and 2023), signalling increasing private-sector confidence in bioeconomy innovation ([205]) ([206]). Structurally, the sector is anchored by a dominant food and beverage industry that creates value from olive oil and winery residues, complemented by a rapidly emerging bio-based chemicals and plastics segment leveraging Greece's rich aromatic plant resources. Wood products and textiles round out the picture, with both sectors increasingly gearing toward sustainable and circular production models. These developments are framed within Greece's Regional Smart Specialisation Strategies (RIS3) ([207]).

Zero-pollution industry

Air quality in Greece remains a cause for concern in some parts of the country. However, emissions of several air pollutants have decreased significantly ([208]).

The cost of air pollution for Greece is significant. The cost of annual damages are estimated at EUR 15-27 million for PM10, EUR 31 million for NO_2 and EUR 34 million for ozone pollution ([209]). The European Environment Agency (EEA) estimates that 898 years of life are lost per 100 000 inhabitants attributable to air pollution due to PM2.5 concentrations that exceed the World Health Organization's air quality guidelines ([210]). This also exceeds the EU average, although the trend since 2016 is mostly downward (see Annex 15).

Greece has not brought in any new taxes on major air pollutants such as NOx, SO_2 or particulate matter over this period. Introducing a pollution tax system could reduce these pollutants by 7-30%, depending on the tax rate, while generating up to EUR 15 million in revenues by 2030 ([211]).

Water pollution from industry is a cause for concern in some aspects. A worrying development on this front in Greece is the 275% increase in industrial heavy metal releases (cadmium, mercury, nickel and lead). On the positive side, there has been a 53% decline in total organic carbon emissions to water since 2010, as reported under the Industrial Emissions Directive

([201])European Commission, Environmental Implementation Review (2025), Greece *country report*.

([202])Ibid.

([203])Joint Research Centre, Jobs and Wealth in the European Union Bioeconomy.

([204])Ibid.

([205])Bioeconomy subsectors: food and beverages; bio-based textiles; wood products and furniture; bio-based chemicals and plastics.

([206])Joint Research Centre, Business expenditure in Research and Development (R&D) in the EU bioeconomy.

([207])See Synopsis_National-Smart-Specialisation-Strategy-2021-2027.pdf.

([208])European Commission, Environmental Implementation Review (2025), Greece country report.

([209])European Commission: Directorate-General for Environment, EMRC, Logika Group and RPA Europe; Update of the costs of not implementing EU environmental law (2025), Link. The damage cost is calculated as VOLY.

([210])EEA, 2025, Harm to human health from air pollution in Europe: burden of disease status, 2025.

([211])European Commission: Directorate-General for Environment, Camboni, M., Markandya, A., Tyrer, D., Goonesekera, S. et al., *Greening the European Semester – Resource and pollution taxes. Annex 6, Country factsheets*, Publications Office of the European Union, 2026, Link.

(IED) ([212]). 97.8% of Greece's surface water bodies has achieved good chemical status, the second-best performance in the EU. Water pollution by industry imposes direct and indirect costs estimated at EUR 2 million annually ([213]).

The total economic cost of industrial pollution in Greece is EUR 8.6 billion per year encompassing healthcare expenses, lost productivity and environmental degradation ([214]) ([215]). Investment still falls short of needs. Meeting the national and EU targets for pollution prevention and control would require Greece spending an additional EUR 349 million every year (about 0.17% of GDP) ([216]).

([212])EEA, Water pollutant releases changes from 2010 to 2022 for the EU Member States, 2024, Link.

([213])European Commission, Directorate-General for Environment, IEEP, Green taxation and other economic instruments – Internalising environmental costs to make the polluter pay, 2021.

([214])European Commission: Directorate-General for Environment, Camboni, M., Markandya, A., Tyrer, D., Goonesekera, S. et al., Greening the European Semester – Resource and pollution taxes. Annex 6, Country factsheets, Publications Office of the European Union, 2026, Link.

([215])EEA, The costs to health and the environment from industrial air pollution in Europe – 2024 update, 2024, Link. The costs reported are calculated in terms of value of a statistical life (VSL).

([216])European Commission, Environmental Implementation Review (2025), Greece country report.

Table A8.1: **Key clean industry and climate mitigation indicators: Greece**

Climate mitigation	Greece							Trend	EU	
Industry decarbonisation	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**		**2018**	**2023**
GHG emissions intensity of manufacturing production, g/€ ([1])	1075	978	876	786	638	622	543	↘	330	-
Share of energy-related emissions in industrial GHG emissions ([2])	29.9	28.9	30.4	32.6	32.9	32.3	-	↗	55.5	57.9
Energy-related GHG emissions intensity of manufacturing and construction, g/€ (3)	371.5	328.3	317.8	302.3	258.2	241.3	-	↘	203.9	163.0
Share of electricity and renewables in final energy consumption in manufacturing, % (4)	48.2	49.9	48.4	47.0	45.2	45.7	46.1	↘	42.8	43.9
Energy intensity of manufacturing, GWh/€ ([4])	1.95	1.84	1.87	1.70	1.59	1.47	1.38	↘	1.27	1.05
Share of energy-intensive industries in manufacturing production, % in GVA ([5])	24.59	23.94	24.33	23.39	26.17	26.08	26.65	↗	-	-
GHG emissions intensity of production in sector [...], g/€ ([6])										
- paper and paper products (NACE C17)	217	226	223	170	129	176	157	↘	722	619
- chemicals and chemical products (NACE C20)	1,748	1,615	1,574	1,264	500	782	650	↘	-	-
- other non-metallic mineral products (NACE C23)	9,404	8,093	7,481	7,324	7,169	6,434	5,037	↘	2,495	2,352
- basic metals (NACE C24)	1,181	1,220	1,003	1,046	638	591	585	↘	2,842	3,099
Reduction of effort sharing emissions	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**		**2018**	**2023**
GHG emission reductions relative to base year, %				-29.4	-27.4	-26.9	-32.9			
- domestic road transport	-20.4	-18.6	-29.5	-23.3	-18.0	-19.9	-21.2	↗	-1.4	-5.6
- buildings	-63.7	-60.2	-55.0	-60.3	-55.2	-64.5	-63.8	↘	-20.3	-33.5
	2005			**2021**	**2022**	**2023**	**2024**	**Target**	**WEM**	**WAM**
Effort sharing: GHG emissions, Mt; target, gap, %	63.0			44.4	45.8	46.1	42.3	-22.7%	-43.3%	-43.3%
Sustainable road transport	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2018**	**2021**
New zero-emission vehicles, electricity motor, % ([7])	0.07	0.16	0.85	2.17	2.69	4.74	6.36	↗	1.03	8.96
Number of publicly accessible AC/DC charging points ([8])	-	-	291	610	985	3166	7049	8757 ↗	446956	n/a
Share of electrified railways, % of total ([9])	29.61	32.06	31.17	31.25	37.09	40.50	40.59	↗	55.47	56.49

Sustainable industry	Greece							Trend	EU-27	
Circular economy transition	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**		**2018**	**latest data**
Material footprint, tonnes per person	12.5	12.4	11.2	11.1	11.3	11.1	11.6	↗	14.8	13.7
Circular material use rate, %	3.0	3.4	4.2	5.3	6.3	5.2	5.2	↘	11.6	12.2
Resource productivity, €/kg	1.4	1.5	1.5	1.7	1.8	2.0	2.1	↗	2.1	3.0
Employees in circular economy	1.8	1.8	1.8	2.0	1.6	1.5	-		2.1	2.0
Patents in circular economy	0	0.3	0.6	-					12.3	12.0
Recycling rate	20.1	21.0	18.1	17.5	17.3	17.4	:		46.40	48.1
Plastic recyling	40%	38%	-	38%	32%	33%	-		41%	42%
Construction and demolition waste (CDW) recovery	97	-	100						88	89
Bioeconomy industry	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**CAGR 2018-2023**	**2018**	**2023**
Value added, million EUR	11,043	11,596	11,332	11,660	13,589	14,305	-	4.4%	642,438	863,436
Employment, total number of people employed	685,370	673,011	651,738	682,610	691,289	706,582	-	0.5%	17,649,040	17,085,642
Productivity										
Valued added per worker, thousand EUR	16.1	17.2	17.4	17.1	19.7	20.2	-	3.9%	36.4	50.5
Valued added per worker, % of national average	47.8	50.9	54.7	51.6	53.4	52.0	-	-	62.2	70.7
R&D business expenditure										
Total bioeconomy (biomass producing and converting sectors)	98	103	111	128	186	172		9.9%	15,672	23,335
Total R&D business expenditure	1,050	1,078	1,150	1,245	1,505	1,658	-	7.9%	196,587	259,525
Zero pollution industry	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**		**2018**	**2021**
Damage cost for industrial pollution	11.0	9.8	8.0	8.6	-	-	-		414.9	352.7
Water industrial pollutants releases	Cd, Hg, Ni, Pb		nitrogen		TOC		Phosporus			
	2021	change (2010)	2021	change (2010)	2021	change (2010)	2021	change (2010)		
	3,120	160%	4,519,200	23%	5,615,700	-58%	1,110,700	2%		
Water chemical status		Good	1,550	Good (%)	0.9		Poor	124.0	Poor (%)	7%

Sources and notes: **Industry decarbonisation:** (1) Sectors covered: all divisions of section C - Manufacturing - of the NACE Rev. 2 statistical classification of economic activities, except C19 (manufacture of coke and refined petroleum products). (2) GHG emissions as per UNFCCC Common Reporting Framework (CRF) categories 1.A.2 - fuel combustion in manufacturing in industries and construction (that broadly correspond to the broadly correspond to the NACE sections C - Manufacturing and E - Construction, excluding C-19), and CRF2 - industrial processes and product use. The figures shows the emissions in the 1.A.2 category as a share of the sum of CRF1.A.2. and CRF2 emissions. (3) Sectors covered: CRF 1.A.2 as described above. Gross value added (GVA) data in the denominator aligned in sectoral coverage, in 2020 prices. (4) Sectors covered: NACE section C excluding C19. (5) Nominator: NACE divisions C17, 20, 23, 24; denominator: NACE section C excluding C19 (see above). (6) GVA (denominator) in 2020 prices. **Reduction of effort sharing emissions:** Data source: European Environment Agency, greenhouse gas data viewer; European Commission, Climate Action Progress Report, 2025. For details, see the footnote in the "Reduction of effort sharing emissions" section. **Sustainable road transport:** (7) Source: Eurostat; (8) Source: European Alternative Fuels Observatory; (9) Source: Eurostat. For all climate mitigation indicators, the trend arrows compare the latest available data (year t) with the data four years earlier (t-4). **Sustainable industry**: Bioeconomy value added, employment and productivity: JRC, Developments of Economic Growth and Employment in Bioeconomy Sectors across the EU. Bioeconomy R&D business expenditure: JRC, Business expenditure in Research and Development (R&D) in the EU bioeconomy. Damage cost for industrial pollution: EEA, The costs to health and the environment from industrial air pollution in Europe, 2024. Water industrial pollutants releases: EEA, Industrial releases of pollutants to water and economic activity in the EU-27, 2024. Water chemical status: WISE, Surface water bodies: Chemical status, 2024 and WISE Groundwater bodies: chemical status, 2024. Other indicators: Eurostat. For circular economy indicators, the trend arrows compare the latest available data (year t) with the data two years earlier (t-2).

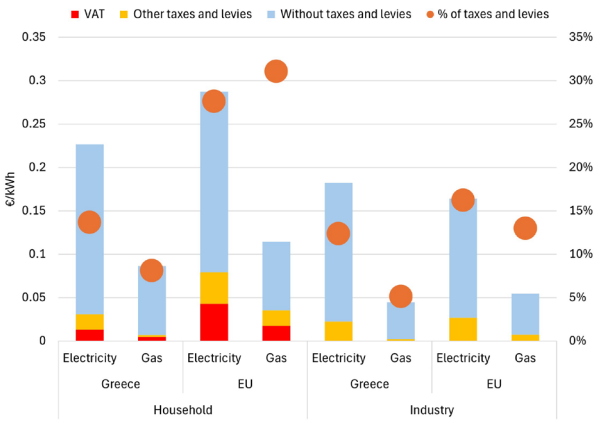
This annex outlines the progress made and the ongoing challenges faced in increasing energy affordability, while advancing the transition to net zero. It reflects the implementation of past energy-related country-specific recommendations.

Greece's 2025 country-specific recommendations highlighted challenges regarding high electricity prices and electricity network capacity. The recommendations called on Greece to develop non-fossil flexibility solutions, including demand-response and storage, to phase out fossil fuel subsidies, in particular in the industrial sector, to streamline the licensing process for new transmission networks and finally to improve the quality of the distribution network to reduce technical and non-technical losses.

Energy prices and costs

With the Greek government continuing to offer support to reduce final electricity prices ([217]), household retail energy prices have stayed below the EU average, in contrast to electricity prices for industrial consumers which have increased and exceed the EU average. In the first half of 2025, household electricity and gas prices in Greece remained stable and below the EU average at EUR 0.2263/kWh and EUR 0.0863/kWh respectively. By contrast, retail electricity prices for industrial consumers (EUR 182/MWh) increased substantially from the previous year, staying above the EU average (EUR 164/MWh) and mirroring the trend in gas prices for non-household consumers, which nevertheless remained below the EU average. While wholesale costs accounted for 69% of the industrial electricity price, network costs, carbon costs and taxes represented 9%, 10% and 12%, respectively, of electricity bills. Nevertheless, despite the 2025 country-specific recommendation to recalibrate energy taxes to incentivise electrification, final energy prices in Greece in the first half of 2025 continued to show a significant imbalance between electricity and gas. For large businesses, electricity was 4.1 times more expensive than gas in the first half of 2025, with taxes and levies (excluding VAT) accounting for 12% of electricity bills ([218]) compared with only 5% of gas bills. Excluding taxes and levies, the electricity-to-gas price ratio would have decreased to 3.8, meaning Greek fiscal measures had no balancing effect. For household consumers, the effect of taxes and levies on the electricity-to-gas price ratio was slightly different and would have decreased from 2.6 to 2.5 if taxes and levies were excluded, meaning there is a certain balancing effect ([219]).

Graph A9.1: **Electricity and gas prices for household and non-household consumers, first half of 2025**



(i) For household consumers, the consumption band is DC for electricity and D2 for gas.
(ii) For non-household consumers, the consumption band is ID for electricity and I4 for gas. VAT and recoverable charges are not displayed for non-household consumers as these are typically recovered by businesses. This also applies to the '% of taxes and levies', which is shown excluding VAT and recoverable charges for non-household consumers.
(iii) 'Without taxes and levies' indicates the retail price excluding all taxes and levies. It always includes the energy/supply and network cost components, which are not disaggregated in Eurostat's sixth-monthly price dataset.
Source: Eurostat

Due to continued reliance on natural gas for electricity generation, limited non-fossil flexibility and low interconnection capacity (which is partly outside of Greece's influence), average wholesale electricity prices in Greece were EUR 104/MWh in 2025 (vs EU average EUR 85/MWh) ([220]), the eighth

([217])Eurostat.

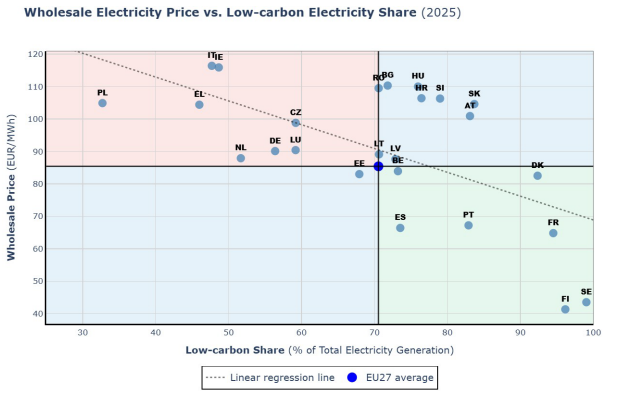
([218])While at the same time Greece still maintains the reduced VAT rates for all electricity consumers (6%).

([219])Analysis based on S1 2025 Eurostat data.

([220])Ember.

highest in the EU. Despite significant progress in renewable energy production, fossil fuels accounted for over 54% of Greece's electricity generation in 2025, the sixth highest share in the EU, meaning fossil fuels maintained their structural role as the dominant marginal price-setting technology, keeping costs elevated (67% of price setting hours for 54% electricity generation). Average day-ahead electricity prices increased by 3% in 2025 amid rising natural gas procurement costs and heightened electricity demand, as Greece remained a net electricity exporter for the second year in a row. Short-run marginal costs ([221]) of natural gas in the EU increased from EUR 96/MWh in 2024 to nearly EUR 103/MWh in 2025. Although daytime prices have fallen in recent years owing to the growing penetration of solar power, Greece remains vulnerable to severe price spikes during peak-demand hours. This is because falling solar output in the evening and early morning combined with limited non-fossil flexibility require gas-fuelled plants to significantly ramp up generation to cover the supply–demand gap. As a result, price spreads ([222]) in Greece averaged EUR 153/MWh in 2025, down 6% from 2024 while remaining significantly above the EU average of EUR 121/MWh.

Graph A9.2: **Low-carbon electricity generation vs. electricity wholesale prices, 2025**



Unavailable data for Cyprus and Malta. Wholesale price is given as average of day-ahead electricity prices over 2025. EU-27 average is calculated as consumption-weighted. EU low-carbon share is calculated out of total EU electricity generation. Low-carbon share by country is calculated out of total public electricity generation. Low-carbon includes renewables and nuclear.
Source: Eurostat

Flexibility and electricity grids

Greece is managing to partially meet the target of ensuring at least 70% of technical cross-border capacity is available for trading. To meet this target, Member States, such as Greece, that are heavily influenced by exchanges in neighbouring countries must take action at regional level (particularly through their regional coordination centre). Greece is subject to market-coupling through the South-East Europe and Greece-Italy capacity calculation regions (CCRs). In these CCRs, electricity flows are heavily influenced by exchanges across nearby bidding zone borders, including with the western Balkan countries ([223]). Greece is a net electricity exporter (5% of own consumption), exporting to North Macedonia, Albania and Italy, while also importing from Turkey. At the Greece-Italy border, cross-border trade was consistently high in 2024. More specifically, according to the EU Agency for the Cooperation of Energy Regulators (ACER) ([224]), when all interconnectors were in service, the 70% requirement was fulfilled. However, as regards the Greece–Bulgaria border, ACER did not have

([221])Short Run Marginal Costs (SRMC) are the sum of the variable costs associated with producing electricity using hard coal.

([222])Spread refers to the difference between the highest and lowest hourly day-ahead electricity prices in a single day.

([223])The Western Balkan countries are currently in the process of integrating into the EU's single market via market-coupling.

([224])ACER's monitoring report of 5 September 2025.

sufficient data to assess the extent to which the 70% requirement was fulfilled.

In view of the 2025 country-specific recommendation to develop non-fossil flexibility solutions, Greece has taken steps to improve non-fossil flexibility, however important challenges remain. Greece has some 700 MW of operational electricity storage capacity (only pumped hydro). It has already taken steps to support electricity storage, with important storage projects currently under development, including two on the second Union list of Projects of Common Interest and Projects of Mutual Interest adopted in 2025: a battery energy storage system in Ptolemaida and a hydro-pumped storage system in Amfilochia (supported by the Greek recovery and resilience plan) which are due to be completed in 2027 and 2029 respectively. However, the commissioning of these projects has been delayed, mostly due to permitting and supply side issues. While the Greek National Regulatory Authority (NRA) has adopted decisions ([225]) on the participation of batteries in market balancing, on the intraday and day-ahead markets, and on operational support, Greece would benefit from ensuring a robust and comprehensive framework is in place to put battery participation into practice. To overcome flexibility challenges, Greece is developing a comprehensive framework for electricity storage – also supported by its recovery and resilience plan – which is expected to add 700 MW of battery storage in the course of 2026 ([226]).

While the Greek electricity network has been extensively developed in recent years in accordance with the 2025 country-specific recommendation to increase electricity network capacity, further action to expand Greece's cross-border interconnection capacity and strengthen its national grid will help it to meet rising energy demand, integrate renewable energy production more effectively and improve grid flexibility. There are several projects in the pipeline which are on the second Union list of Projects of Common Interest and Projects of Mutual Interest, including electricity interconnectors with Cyprus, Italy and Egypt. The level of interconnection between Greece and other EU Member States remains limited (6.1% in 2026), with the Greek energy system experiencing very high levels of renewables curtailment in 2025 (around 6.6% ([227]) of total renewables production). This highlights the need for greater system flexibility and a higher level of interconnection. In this regard, the decision by Greece's transmission system operator (IPTO) in February 2026 to increase its share capital by EUR 1 billion is expected to have a positive impact on the implementation of the IPTO's 10-year development programme and thus on moving forward several interconnection projects.

Over the course of 2024 and 2025, Greece carried out a number of projects to strengthen the national grid, including as part of its recovery and resilience plan. These included projects to modernise the distribution grid in the most congested areas, as well as to connect mainland Greece with some of its non-interconnected islands. In 2025, the project to fully interconnect Crete with mainland Greece was successfully completed. This is expected to lower energy production costs, maximise Crete's renewable energy potential and better stabilise the energy grid.

The 2025 country-specific recommendations called on Greece to reduce technical and non-technical losses by improving the quality of the distribution network, however Greece continues to experience fairly high levels of losses in the distribution network, as well as long grid connection times. The volume of projects currently in the grid connection queue is far greater than the forecast hosting capacity of the grid, resulting in long waiting times. Lengthy permitting procedures for grid infrastructure are still a source of major bottlenecks, delaying further development of renewable energy sources. To tackle this, Greece has asked for support from the Technical Support Instrument to identify how processes could be simplified and accelerated. Greece also has a framework in place for flexible connection agreements, enabling faster connection for certain customers. Greece is involved in several

([225])Regulatory Decisions E-14/2026, E-15/2026, E-16/2026, E-17/2026.

([226])Investments: 'Support of the installation of storage systems to enhance RES penetration' (measure ID: 16926) and its scale-up in the REPowerEU chapter (measure ID: 16996). Reform: 'Grid and storage capacity – fostering of storage investments' (measure ID: 16990).

([227])IPTO data.

hydrogen infrastructure projects, including a hydrogen interconnection with Bulgaria and Italy, an ammonia reception facility and the Thalis electrolyser facility which are all on the second Union list of Projects of Common Interest and Projects of Mutual Interest. Some progress was made on non-technical losses in 2024 and 2025. However, the Hellenic Electricity Distribution Network Operator (HEDNO) still estimates the overall cost of non-technical losses to the final consumer to be approximately EUR 450 million, which adds EUR 60 to the average household electricity bill each year.

Further to the 2025 country-specific recommendation for Greece to develop demand-response solutions, consumer empowerment is advancing, however the retail market continues to show limited active price-responsive behaviour, with consumer choices suggesting a preference for predictable and stable price arrangements ([228]). Household participation in the flexibility market is closely linked to the roll-out of smart meters and the recent introduction of dynamic pricing. According to the Agency for the Cooperation of Energy Regulators, Members States where the smart meter roll-out rate is low, such as Greece, see low interest in contracts with time-differentiated tariffs ([229]). Supported by the Recovery and Resilience Facility and despite some outstanding elements in the framework dynamic electricity pricing was formally introduced in December 2025 and will be phased in from February 2026 for large non-household customers and from April 2026 for households and small businesses, subject to smart meter availability ([230]). The national target to roll-out some 7.7 million smart meters by 2030 is a key enabler for broader consumer participation and could also help to reduce non-technical losses. The smart meter roll-out rate was around 12% in 2024, well below the EU average ([231]), although continued network digitalisation investments are expected to accelerate deployment. Retail indicators show moderate consumer mobility. In 2024, the share of households that switched contract decreased to 6.0%, while for non-household consumers this share rose to 13.3%. Data for the first half of 2025 confirm continued contract switching (around 340 000 switches), although most consumers remain on a fixed-price contract ([232]). Market concentration remains high (Herfindahl-Hirschman Index of 5 160 for households and 2 870 for non-households), indicating uneven competitive pressure).

In 2024, electricity accounted for 27.3% of Greece's final energy consumption (FEC) (slightly above the EU average of 23.4%), a share which has remained largely unchanged over the last decade ([233]), partly due to an unfavourable electricity-to-gas price ratio that disincentivises electrification and cost-effective decarbonisation. Electricity accounted for 38.4% of household FEC and 39.9% of industrial FEC (see Annex 8). In the transport sector, the share of FEC accounted for by electricity remained negligible at 0.3%. In the second half of 2024, household and industrial electricity prices in Greece dropped below the EU average due to government support.

Renewables and long-term contracts

In 2025, renewable energy sources accounted for 46% of Greece's electricity mix ([234]), decreasing compared to 2024 (-4.3%). Installed capacity for renewables represented 20 456 MW in 2025. The installed capacity for solar grew (+25.4% compared to 2024), reaching 11 GW ([235]), while installed wind capacity was 5.695 MW at the end of 2025, marking a 6.4% year-on-year increase compared to 2024 ([236]). Greece is among the top three

([228])RAAEY Retail market report December 2025.

([229])ACER MMR 2025.

([230])Ministry of Environment and Energy (Greece), Joint Ministerial Decision establishing a framework for dynamic ('orange') electricity pricing, Official Gazette (FEK B' 6565/2025), 9 December 2025.

([231])ACER, Electricity Country Sheets, 18 July 2025.

([232])RAAEY, Electricity Retail Market Report – First Half of 2025; RAAEY, National Report 2024.

([233])The CAGR (compound annual growth rate) was -0.2% between 2015 and 2024. The minimum/maximum shares were 26.2% and 29.5% respectively (Source: Eurostat).

([234])Energy-charts based on ENTSO-E Transparency Platform.

([235])International Renewable Energy Agency (IRENA) - Renewable Capacity Statistics 2026.

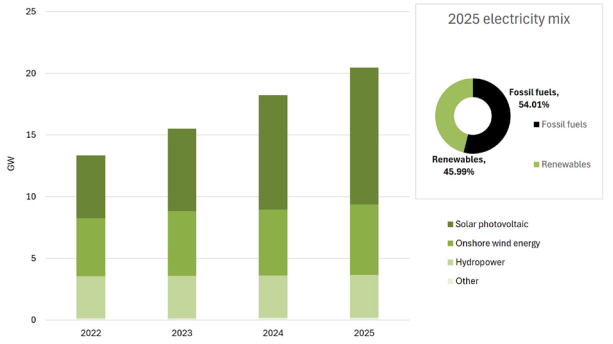
([236])https://eletaen.gr/wp-content/uploads/2026/01/2026-01-21-dt-eletaen-statistics-2025.pdf.

Member States in terms of electricity generation from photovoltaics. Moreover, it is starting to position itself as a key electricity exporter after 2025 marked the second year in a row in which Greece was a net electricity exporter. Greece's revenue from electricity exports was EUR 972 million, while its balance of trade showed a surplus of EUR 261 million.

Greece has made progress in speeding up the permit-granting process for renewables, however it could go further to address certain outstanding practical issues relating to permitting deadlines and delayed connections to the grid. While the first designated renewables acceleration areas have been reserved for offshore wind farms (up to 600 MW) in northern Greece, further implementation is pending. In the meantime, Greece has successfully developed dedicated regulatory sandboxes for innovative projects in the field of renewable energy and related infrastructure and has set up mechanisms so that the permitting process prioritises repowering projects over greenfield projects.

In its updated national energy and climate plan, Greece has set more ambitious targets for renewables, namely 43% by 2030 and 95.8% by 2050 as a share of gross final energy consumption, and 75.7% by 2030 and 100.8% by 2050 as a share of gross final electricity consumption. Greece plans to have a total installed capacity of 27.5 GW by 2030 across all forms of renewables, including 1.9 GW of offshore wind, and a total of 64.4 GW by 2050. However, these targets will only be achievable if accompanied by the deployment of energy storage facilities and upgrades to the grid.

Graph A9.3: **Greece's installed renewable capacity vs electricity generation mix**



Electricity mix is given as net electricity generation (gross electricity production minus consumption of power stations' auxiliary services). Electricity produced in pumped hydro plants is excluded from total net electricity production, as it was previously counted as electricity produced from another source.
"Other" includes renewable municipal waste, solid biofuels, liquid biofuels, and biogas.
Source: IRENA, Eurostat

The Hellenic Energy Exchange (HEnEx) has launched a platform for power purchase agreements (PPAs) and created a PPA contract template in line with the platform's rulebook. Under its PPA scheme signed in 2021, Greece expected to auction an additional 4.2 GW of installed capacity by 2025 ([237]). However, while its industrial PPA framework prioritises renewable projects with a total capacity of up to 2 360 MW – allowing for a 20% deviation in installed capacity under the framework – renewables producers have been faced with serious problems following a prolonged freeze on granting connection terms for industrial PPAs in 2025, carrying the risk that project deadlines may not be met. No Contracts for Difference support schemes providing liquidity for PPAs have been reported.

The number of renewable energy communities remains largely unchanged, even showing signs of decreasing. As of September 2025, there were 1 703 energy communities (all legal forms combined) operating in Greece, against a backdrop of persistent challenges relating to grid access and project maturity. Compared to the previous inventory from September 2024, there were 32 new energy communities, although 52 were either cancelled or

([237])Contracts-for-Difference to support renewable energy technologies: Considerations for design and implementation, EUI Research Report, March 2024.

converted. In this regard, Greece's energy regulator (RAAEY) issued an important decision on ownership concentration in October 2025 which will impact the establishment and operation of energy communities.

Energy efficiency

Greece has made no progress towards improving energy efficiency, with FEC in 2024 increasing by 3.8% to 16.3 Mtoe, as compared to 2023, continuing the upward trend observed since 2019. Greece's FEC in 2024 deviated slightly from the trajectory for meeting its expected contribution by 2030. While in the transport sector FEC increased substantially (+7.5% since 2019), in industry and services it decreased slightly (-3.4% and -2.0% respectively since 2019) and in the residential sector it decreased substantially (-8.1% since 2019). Greece has introduced a framework for a range of new energy-efficiency funding mechanisms, however the mechanisms themselves are still under preparation.

The aforementioned decrease in final energy consumption in Greece's residential sector was driven both by milder temperatures and by structural improvements to the building stock, including energy renovations ([238]). Nevertheless, Greece will need to step up its efforts in this area to reach the objectives set in its 2020 long-term renovation strategy. Given that buildings are responsible for 33% of energy use in Greece, they play an important role in improving energy efficiency. Greece is therefore encouraged to submit its draft national building renovation plan pursuant to the recast Energy Performance of Buildings Directive in order to ensure a clear and predictable pathway towards an energy efficient and decarbonised building stock. Heating and cooling account for 74% of Greece's residential final energy consumption, with renewables supplying 36% of the total energy used. Greece reported 13 eco-design and energy labelling checks in 2025, less than the previous year. This is considered insufficient relative to the size of the country and overall levels of non-compliance in the EU.

([238])https://www.indicators.odyssee-mure.eu/decomposition.html.

Security of supply and diversification

Despite some progress in increasing the share of renewables/biofuels and decreasing the share of coal, Greece's energy mix in 2024 remained dependent on fossil fuels ([239]). More specifically, oil and natural gas together accounted for 76% (53% and 23% respectively) of the energy mix, while renewables/biofuels increased to 20.2% and coal fell to 3.5%.

Greece has not yet phased out Russian gas, but has made significant efforts to strengthen its supply security and diversify its natural gas sources through major infrastructure investments to increase its import capacity for liquefied natural gas (LNG). Greece's role as a transit country is crucial to diversification efforts in the wider region, as demonstrated by the fact that natural gas exports tripled in 2025 (+196%) in comparison to 2024. Revithoussa LNG terminal accounted for 38% of total natural gas imports, up 63.3% compared to 2024, while the United States remained the largest LNG supplier, providing 86% of Greece's total LNG imports, marking a sharp increase of +98% compared to 2024. Importantly Greece did not import any Russian LNG in 2025, in contrast to 2024, where it accounted for 15.3% of total LNG imports ([240]). Greece's important role was further highlighted by the commercial agreement concluded in 2025 for LNG from the United States to be exported from Greece to Ukraine via the Vertical Corridor.

In response to the regional crisis in the Middle East, Greece has imposed profit margin caps of €0.05/litre for wholesalers and €0.12/litre for retailers until 30 June 2026. Additional measures include a €0.16/litre diesel subsidy for April 2026, a "Fuel Pass" providing €25-€50/month for vulnerable households, and a 15% fertiliser subsidy for farmers. Greece contributed to the IEA collective

([239])Source: Eurostat. Electricity and heat are excluded from gross inland consumption to avoid double-counting. The focus is on primary energy sources.

([240])DESFA data on Natural Gas consumption in 2025.

action to release 400 million barrels of emergency oil reserves, contributing 2 million barrels.

Fossil fuel subsidies

Greece has taken action to address the 2025 country-specific recommendation on taking concrete steps to phase out fossil-fuel subsidies in particular in the industrial sector. In 2024, environmentally harmful ([241]) fossil fuel subsidies without a planned phase-out before 2030 decreased to 0.48% ([242]) of Greece's GDP ([243]) (above the EU weighted average of 0.32%), however, this decline was mainly due to lower energy prices in 2024. Greece has not announced a phase-out date or phase-out plan for its different ongoing fossil fuel support measures. Greece operates excise tax exemptions on petroleum products used in inland water navigation, kerosene used in domestic air traffic and coal and coke used for industrial purposes (e.g. chemical reduction, electrolysis metallurgical processes). These fossil fuel subsidies have no planned phase-out before 2030 and do not specifically address energy poverty or genuine energy security concerns. Greece's 2023 Effective Carbon Rate ([244]) averaged EUR 86.7 per tonne of CO_2, slightly above the EU weighted mean of EUR 84.80 ([245]).

([241])Explicit fossil fuel subsidies (e.g. direct transfers) and implicit fossil fuel subsidies (i.e. tax expenditures linked to forgone tax revenues that have an identifiable fiscal impact for the central budget) that support fossil fuel energy production, transmission and/or consumption.

([242])European Commission calculation based on underlying data from the *Study on energy subsidies and other government interventions in the EU – 2025 edition,* Enerdata.

([243])2023 2024 Gross Domestic Product at market prices, Eurostat.

([244])The Effective Carbon Rate is the sum of carbon taxes, ETS permit prices and fuel excise taxes, representing the aggregate effective carbon rate paid on emissions.

([245])OECD (2024), Pricing Greenhouse Gas Emissions 2024.

Greece has a comprehensive and legally binding framework for climate adaptation in place, but actual implementation and monitoring remain an issue. As highlighted in last year's Country Specific Recommendations (CSR), Greece's high exposure to climate change impacts calls for significant investments across sectors (including further progress on systematic climate proofing of key infrastructure) and increase of insurance coverage to limit macro-fiscal impacts in the future.

Greece faces challenges that are mainly related to water scarcity, wastewater treatment, and habitat and nature degradation. Greece is struggling with severe water scarcity (particularly in Attica and Crete) and water productivity in Greece is one of the lowest in the EU (EUR 23 per m^3 of abstracted water in 2022). Drinking water quality is not a concern, but Greece faces problems with drinking water leaks, mainly due to ageing infrastructure. Greece has a good compliance rate with the Urban Waste Treatment Directive, but several agglomerations have not yet complied, resulting in three infringement procedures. Greece also faces issues of habitat degradation that are mainly driven by agriculture, infrastructure and transport development and by nature degradation due to invasive alien species. For Greece, the 2025 CSRs highlighted the need to reform the institutional framework to improve the capacity and accountability of local water service providers and the Regulatory Authority for Energy, Waste & Water (RAAEY) has taken some steps to address this issue.

Climate adaptation and preparedness

Greece is very exposed to the impacts of climate change and addressing this will require significant investment across multiple sectors. Greece belongs to two of the three types of regions identified as hotspots of climate risks: southern Europe and low-lying coastal regions ([246]). In recent years, Greece has experienced a wide range of extreme weather events, including floods, heatwaves, wildfires and droughts. Wildfires are a particularly acute risk: an average of 0.38% of Greece's territory burned each year between 2006 and 2024 (the third-highest rate in the EU) ([247]). The Alexandroupolis wildfire of 2023 was the largest ever recorded in the EU. The increasing frequency and intensity of wildfires could overwhelm emergency response capacities and deplete rescue resources. Flooding also remains a major concern. In 2023, Storm Daniel brought up to 80 cm of rainfall in a single day, triggering widespread flooding in central Greece and increasing the risk of water-borne diseases (including leptospirosis) ([248]). Similarly, if current levels of coastal protection are not raised, direct economic damages and social impacts from coastal flooding in Greece are projected to rise sharply this century ([249]). Heat stress is another growing challenge: in summer 2024, Greece recorded 574 excess summer deaths per million inhabitants – one of the highest heat-related mortality rates in the EU ([250]). Without further adaptation measures, heat-related mortality could increase up to fortyfold ([251]).

Greece's annual investment need for adaptation to climate change is one of the highest in the EU. A recent study commissioned by the Commission estimates these needs at 0.7% of the GDP (EU average: 0.5%) ([252]). The fact that 46% of its total needs are directly connected to urgent risks underlines the immediate relevance of targeted action ([253]).

([246])EEA, 2024, *European Climate Risk Assessment* p. 18.

([247])EFFIS – Statistics Portal.

([248])EEA, 2024, *European Climate Risk Assessment*, p. 51.

([249])https://joint-research-centre.ec.europa.eu/document/download/8f22629d-b9bf-40ed-99b6-6385a95028ab_en?filename=pesetaiv_task_6_coastal_final_report.pdf. p 6.

([250])Heat-related mortality in Europe during 2024 and health emergency forecasting to reduce preventable deaths | Nature Medicine.

([251])EEA, 2024, *European Climate Risk Assessment*, p. 343.

([252])European Commission, 2026, *Assessment of EU and Member States adaptation investment needs*, Table 25. The study provides detailed estimates of adaptation investment needs at the level of the EU and individual Member States per type of measure. It relies on a common methodology that makes estimates comparable across the EU. Four accompanying methodological reports provide a detailed description of how the results were estimated to ensure full transparency.

([253])Assessment of EU and Member States adaptation investment needs - Publications Office of the EU, p. 57.

A comprehensive and legally binding policy framework is in place in Greece to mainstream adaptation considerations across sectors and regions, but implementation remains an issue at all levels ([254]). The national council for adaptation to climate change, which is composed of representatives from ministries, non-governmental organisations, trade unions, academia and industry, promotes the monitoring of policies for climate adaptation. Greece is currently preparing the revision of the 10-year national climate change adaptation strategy ([255]). This will take into account the updated national multisectoral climate change impacts and vulnerabilities assessment as well as major EU-level developments related to climate adaptation (including the European Climate Resilience and Risk Framework currently under preparation). However, the need to address climate resilience comprehensively and the limited administrative resources available have together limited sectoral mainstreaming. Looking at the sub-national level, Greece has a well-structured system to support adaptation, with regional authorities playing a crucial role. As required by their national climate law, Greece's 13 regions have a climate adaptation plan in place. However, the limited resources in place have hampered the proper implementation of the plans and its mainstreaming across sectors. Greek regions and local authorities are among the most active in the EU in developing local climate action plans. 50% of the Greek population lives in municipalities that are signatories to the EU Covenant of Mayors commitments. Moreover, 63% of the signatories have a 2030/2050 action plan and 37% of those action plans have at least one monitoring report. 13 of the Covenant signatories are taking part in the EU mission on adaptation to climate change ([256]).

Climate risks have a direct and significant impact on Greece's economy, but the insurance coverage remains low. Between 1980 and 2024, Greece recorded EUR 18.3 billion in economic losses ([257]) caused by weather and climate-related extreme events ([258]). The latest studies show that extreme weather events are likely to have a prolonged and intensifying impact on economic activity in Greece ([259]). However, only 5% of all economic losses caused by weather and climate related extreme events between 1980 and 2024 were covered by insurance ([260]). The largest risk in terms of insurance gap comes from wildfires ([261]). In recent years, Greece has taken measures to increase insurance coverage ([262]), including through property tax incentives and mandatory private natural disaster insurance for certain companies ([263]). The level of insurance coverage nevertheless remains low, and the impact of recently adopted tax incentives still needs to be properly assessed. The recently established Natural Disasters Private Insurance Observatory is currently preparing a national strategy that would set concrete policies and guidelines as well as establish a monitoring system that would be key to addressing this challenge.

Greece has made only limited progress on climate-proofing infrastructure and it is still not applied systematically across all sectors – despite the high risks of climate change. Since late 2024, climate resilience has been formally integrated into the environmental permitting process for all projects and activities in Greece (including water infrastructure projects). Moreover, in order to assess the impacts of climate change, Greece is currently finalising the updated national multisectoral climate change impacts and vulnerabilities assessment. However, critical infrastructure still remains vulnerable to the impacts of climate change. This is the case for the transport sector. The vulnerability index of the

([254])See the Greek National Climate Law: ΕΦΗΜΕΡΙΔΑ ΤΗΣ ΚΥΒΕΡΝΗΣΕΩΣ.

([255])This revision is taking place within the framework of the AdaptInGR project funded by LIFE.

([256])Greece | EU Covenant of Mayors.

([257])EEA, 2024, *Economic losses from weather- and climate-related extremes in Europe*.

([258])ECB and EIOPA, 2024, *Towards a European system for natural catastrophe risk management*, Chart 2.

([259])Usman, Parker and Vallat, 2025, *Dry-roasted NUTS: early estimates of the regional impact of 2025 extreme weather*, pp. 9-14.

([260])Economic losses from weather- and climate-related extremes in Europe | Indicators | European Environment Agency (EEA).

([261])EEA, 2024, *Economic losses from weather- and climate-related extremes in Europe*.

([262])Dashboard on insurance protection gap for natural catastrophes – European Insurance and Occupational Pensions Authority.

([263])Greek Laws 5116/2024 (GG A 100) and 5162/2024 (GG A 198).

TEN-T network to climate change has therefore been assessed as one of the highest in the EU. This is mainly driven by the lack of mainstreaming of the transport sector into the national adaptation strategy, limited logistic capacity and limited availability of adequate funds to effectively respond to climate-related disruptions ([264]). An estimated total of EUR 5.7 billion will need to be invested until mid-century in TEN-T, mostly in maritime ports (EUR 2.2 billion) and railways (EUR 1.6 billion) ([265]). Greece does not have an overall comprehensive strategy that coordinates all sectoral efforts and authorities in order to properly address such a major challenge.

Water resilience

Greece faces severe water scarcity, particularly in Attica and Crete. Agriculture and water utilities are among the most water-dependent sectors. The national water exploitation index ([266]) (WEI+) (a measure of how much water is being used compared with the total renewable freshwater resources available for a given territory and period) indicates high pressure on water, even though it is below the water scarcity overall threshold of 20%. The Joint Research Centre's European Drought Risk Atlas indicates that Greece is one of the Member States facing the highest risk of hydropower reduction and had one of the largest average annual relative reductions in barley and rice yield due to drought ([267]).

Greece's water productivity ([268]) was EUR 23 per m³ of abstracted water in 2022. This was one of the lowest in the EU (far below the EU average of EUR 153 per m³), reflecting critical reliance on water for agriculture and indicating significant pressure on water resources (despite a slight upward trend). In 2023, agriculture accounted for 81.1% of total water abstraction, with public water supply at 15.2%, manufacturing at 2.2% and energy production at 1.2% ([269]). Since 2014, abstraction has fallen by 12%, while reliance on surface water (44% of abstraction in 2023) rather than groundwater has remained steady.

The number of surface water bodies achieving a good ecological status in Greece remains high. Its first, second and third river basin management plans (RBMPs) indicate a fluctuating but overall increasing trend, from 41.9% to 63.8%, to 65.4% ([270]). The most important pressures are mainly pollution from agriculture and municipal and industrial waste. Insufficient enforcement of environmental legislation and water management practices also contributes to the problem.

Greece's good chemical status is one of the highest in the EU. Greece's third RBMP reports that 92.2% of water bodies have achieved a good status ([271]). This was an increase on the previous RBMP cycle, when the percentage stood at 88.6%.

Greece's drinking water quality does not give rise to concern. However, Greece faces significant challenges with ageing infrastructure and is losing significant amounts of drinking water due to leaks.

Greece has initiated reforms and funded several actions through its recovery and resilience plan (RRP) and cohesion policy funding. Greece has established a new water and wastewater regulatory authority, which is expected to strengthen the institutional framework and supervise the sector (including by rationalising water tariff policy in line with the 'polluter pays' principle and ensuring the sustainability of water services in Greece). Greece also has projects on water supply, urban wastewater and sludge

([264])European Commission, 2024, *Support study on the climate adaptation and cross-border investment needs to realise the TEN-T network*, Table 4.6, Publications Office of the European Union.

([265])European Commission, 2024, *Support study on the climate adaptation and cross-border investment needs to realise the TEN-T network*, Table 4.28, Publications Office of the European Union.

([266])Eurostat, Water Exploitation Index, plus.

([267])Rossi et al. (JRC), 2023, Publications Office of the European Union, European Drought Risk Atlas.

([268])Water productivity is a metric that is calculated by dividing GDP (in chain-linked volume) by total water abstraction. It indicates the average economic value (GDP) a Member State creates for each unit of water it takes from nature.

([269])EEA, 2025, *Water abstraction by economic sector, 2000-2023.*

([270])WISE, *Surface water Bodies: ecological status or potential.*

([271])WISE, *Surface water bodies: Chemical status.*

management, flood mitigation and drinking water supply. A significant increase in cohesion policy funding (in the context of the mid-term review) is expected to support the necessary actions on the ground.

Greece has a good compliance rate with the Urban Waste Treatment Directive (Directive 91/271/EEC). It reached 95.7% in 2022 (down from 98% in 2020). However, several larger agglomerations did not comply with the Directive's requirements. Three infringement proceedings (each at a very advanced stage) are open against Greece for non-compliance. The CJEU has issued delivered judgments for two of these infringement procedures (against agglomerations in eastern Attica and Thriasio Pedio) and Greece will continue to pay fines until it complies with those judgments. This continuing non-compliance with CJEU judgments indicates systemic weaknesses in Greece's administrative system ([272]).

Correcting non-compliance situations for wastewater collection and treatment in Greece requires a total investment of EUR 1 503 million in 2024-2030. The investment needs for collection systems alone are EUR 1 079 million, while expected EU funding is EUR 917 million. For treatment plants, planned investment is EUR 424 million, with EU funding of EUR 346 million ([273]).

Nature restoration

Greece's economy is structurally exposed to nature loss because it is among the EU Member States with the highest dependency on ecosystem services ([274]). More than half of gross value added relies directly on the ecosystem (58%) – well above the EU average of 44%. This vulnerability is particularly significant in the tourism sector, which is vital for Greece and depends directly on healthy coastal, marine and terrestrial ecosystems. Greece's marine ecosystems are increasingly exposed to climate change, including rising sea temperatures, marine heatwaves and ocean acidification. In the Eastern Mediterranean, these pressures interact with the rapid expansion of invasive alien species ([275]) and existing environmental degradation, affecting ecosystem stability and fish stocks resilience ([276]). Strengthening monitoring, data collection and fisheries control is key to support ecosystem-based management and safeguard biodiversity under growing climate pressures.

Greece's has exceptionally rich biodiversity (protected areas make up 34.6% ([277]) of its territory), but there is significant habitat degradation. The main pressures and threats for habitats in Greece are related to agriculture, infrastructure development, the development and operation of transport systems, alien and problematic species and natural processes ([278]).

Nature degradation is exacerbated by invasive alien species. 25 cases were recorded in Greece in 2024, inflicting estimated damage of EUR 80 million up to 2020, primarily affecting agriculture and public health ([279]). At the same time, eutrophication (a threat to biodiversity and ecosystem integrity) continues to cause concern. The areas at risk have remained at 100% since

([272])European Commission, *Environmental Implementation Review (2025), Greece country report*.

([273])Ibid.

([274])Hirschbuehl et al. (JRC), 2025, *The EU economy's dependency on nature*, Vasilakopoulos, P. editor(s), European Commission

([275])GFCM/FAO Recalling the importance of non-indigenous species (NIS) in the subregion, the Commission encouraged partners participating in the NIS pilot study in the eastern Mediterranean to continue towards its full implementation and finalization in support of NIS management. It further agreed to advance on the operationalization of the NIS observatory in Türkiye according to the guidelines endorsed by the forty-seventh session of the GFCM. Furthermore, the Commission acknowledged the potential of NIS to modify catch composition, also prompting shifts in fisher behaviour. It emphasized the importance of assessing these changes within an ecosystem-based framework, with the dual objective of mitigating potential ecological risks and maximizing the possible opportunities of emerging fisheries through informed adaptation and resource targeting.

([276])The Mediterranean Sea is recognised by the EEA as a climate-change hotspot, with rising sea temperatures, more frequent marine heatwaves and ongoing acidification. JRC and HCMR studies document the rapid expansion of invasive alien species in the Eastern Mediterranean, affecting local ecosystems and fish stock resilience.

([277])Eurostat, *Protected Areas Indicator*.

([278])European Commission, 2025, *Environmental Implementation Review, Greece country report*.

([279])Neobiota, 2021, *Economic Cost of invasive alien species across Europe*. European Commission, 2025, *Environmental Implementation Review, Greece Country Report*.

2005 ([280]). Nitrogen deposition from agriculture and industrial combustion remains a critical driver of this degradation.

Greece has a persistent biodiversity finance gap. It faces an estimated EUR 1 391 million shortfall in funding for projects to address conservation priorities, despite cohesion policy investment of over EUR 320 million. This shortfall underscores the need for increased investment in habitat restoration.

Sustainable agriculture and land use

Greece is on track to meet its 2030 target for land use, land-use change and forestry (LULUCF). To meet its 2030 LULUCF target, additional carbon removals of 1.2 million tonnes of CO_2 equivalent (CO_2-eq) are needed ([281]). The latest available projections indicate that this target will be achieved, with a surplus over the target of around 1 MtCO_2-eq.

Greece faces environmental and public health risks due to over-extraction for agriculture and contamination by pesticides, fertilisers and nitrates. Greece's functional urban area has not expanded considerably in the last few years. Indeed, the rate of net land increase between 2018 and 2021 was one of the lowest in the EU ([282]).

Water quality pressures are a cause for concern. Under the EU Nitrates Directive, 24.2% of Greece's groundwater monitoring stations recorded average nitrate concentrations exceeding 25 mg/l (and 11.9% above 50 mg/l, the EU threshold for safe drinking water) between 2016 and 2019 ([283]). This trend underscores systemic agricultural pressures, despite Greece's livestock density (0.7 livestock units per hectare in 2020) being slightly below the EU average of 0.75 ([284]). A slight 1% reduction in the already relatively low levels of agricultural ammonia emissions between 2018 and 2023 ([285]) underscores improved emissions control. Greece has been assessed as being on track to meet its 2030 reduction commitments ([286]). However, persistent nitrate pollution indicates gaps in nutrient management strategies.

Pesticide contamination in Greece is relatively low. 10% and 0% of river and lake water bodies, respectively, exceed regulatory thresholds for pesticide residues ([287]). The EU's total contaminated area represents 27% and 18% of river and lake water bodies. Pesticides not only threaten aquatic ecosystems but also pose long-term risks to human health due to contaminated drinking water and food chains. However, soil contamination over 0.05 mg/kg has been found in 42% of the soil samples examined in Greece ([288]).

([280])EEA, *Eutrophication caused by atmospheric nitrogen deposition in Europe 2024*.

([281])National LULUCF targets of the Member States in line with Regulation (EU) 2023/839.

([282])EEA, 2022, *Land take and land degradation in functional urban areas*.

([283])EEA, 2025, *Nitrate in groundwater in Europe*.

([284])Eurostat, Livestock density index.

([285])EEA, Air pollutant emissions data viewer (Gothenburg Protocol, Air Convention) 1990-2023.

([286])EEA, 2025, *Magnitude of emission reductions (percentage) required by EU Member States to meet their emission reduction commitments for 2030 onwards, based on 2023 data*.

([287])EEA, 2024, *Pesticides in rivers, lakes, and groundwater in Europe*.

([288])Vieira et al. (JRC), 2023, *Pesticides residues in European agricultural soils – Results from LUCAS 2018 soil module*, Publications Office of the European Union.

Table A10.1:**Key Adaptation Indicators**

Climate adaptation and preparedness:							EU-27
	2019	2020	2021	2022	2023	2024	latest data
Drought impact on ecosystems *[area impacted by drought as % of total]*	0.54	1.29	6.67	5.64	1.53	-	2.76
Forest fires burned area [1] *[burned area in ha. per year]*	10 689	14 915	130 694	22 480	174 773	41 837	354 510
Economic losses from extreme events *[EUR million at constant 2022 prices]*	303	1 165	671	22	3 996	341	40 452
Insurance protection gap [2] *[composite score between 0 and 4]*	-	-	-	2	2	2	-
Sub-national climate adaptation action *[% of population covered by the EU Covenant of Mayors for Climate & Energy]*	28	31	41	42	44	46	34

Water resilience:							EU-27
	2019	2020	2021	2022	2023	2024	latest data
Water Exploitation Index Plus, WEI+ [3] *[total water consumption as % of renewable freshwater resources]*	12.04	13.65	9.22	13.99	13.16	-	4.53
Water productivity *[EUR per m^3]*	19	17	19	23	23	-	151
Water abstraction							
Water abstraction by source (% from surface water)	38.43%	38.52%	38.30%	43.94%	43.86%		-
Water abstraction by sector	Agriculture	Electricity cooling	Manufactu-ring	Public water supply	Mining and Quarrying	Construc-tion	
	81.15%	1.30%	2.25%	15.30%	0.00%	0.00%	
Status of water bodies [4] *[% of water bodies in a good status]*							
Surface water bodies (ecological)	-	-	-	-	-	65%	38%
Groundwater bodies (quantitative)	-	-	-	-	-	86%	93%

Nature restoration:							EU-27
	2019	2020	2021	2022	2023	2024	latest data
Ecosystem dependency *[% of direct dependency]*	-	-	-	58%	-	-	44%
Protected area *[% of terrestrial protected areas]*	34.6	34.6	34.7	34.7	34.6		26.4
Invasive alien species (IAS) *[number of IAS of Union concern]*	-	-	-	-	-	25	29.2
Damage cost of IAS *[EUR billion]*	-	-	-	-	0.08		1.69
Eutrophication *[AAE of area at risk of euthrophication]*				369	369		295

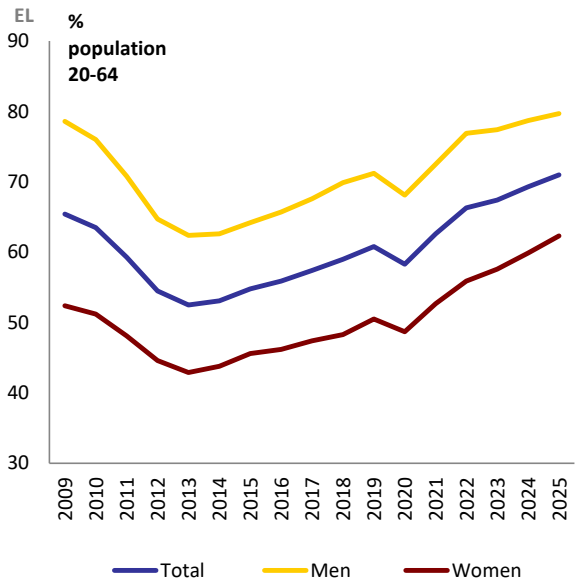
Sustainable agriculture and land use:							EU-27
			2012-2018		2018-2021		latest data
Yearly net land taken by Member State *[ppm of total urban surface per Member State]*			319		298		670
Land conversion in functonal urban area *[% of total land taken from 2018-2021]*							
Arable land					46%		
Complex and mixed cultivation					6%		
Forests					1%		
Herbaceous vegetation associations					27%		
Open spaces with little or no vegetation					0%		
Pastures					14%		
Permanent crops					6%		
Water					0%		
Wetlands					0%		
	2019	2020	2021	2022	2023	2024	latest data
Nitrates in groundwater [5] *[$mgNO_3/l$]*	:	:	:	:	:		
Livestock density *(number of livestock units per hectare of utilised agricultural area)*		0.7			0.71		0.75
Ammonia emissions *[% of total utilised agricultural area]*	92%	92%	92%	91%	91%	-	94%
Pesticide contamination on rivers and lakes water bodies				rivers	10%		27%
[% of monitoring sites with pesticides exceeding thresholds, 2018-2023]				lakes	0%		18%
Pesticide contamination in soil *[% of samples with a concentration over 0.5 mg/Kg^{-1}]*					42%		57%
Net greenhouse gas removals from LULUCF [6] *[$ktCO_2$-eq]*	-5082.4	-5147.3	-5046.5	-5180.5	-4103.0	-	-198 421

(1) EFFIS (European Forest Fire Information System).
(2) The climate protection gap refers to the share of non-insured economic losses caused by climate-related disasters, based on modelling of the risk from floods, wildfires and windstorms and on the insurance penetration rate. Scale: 0 (no protection gap) – 4 (very high gap). EIOPA, 2025, Dashboard on insurance protection gap for natural catastrophes.
(3) This measures total water consumption as a percentage of the renewable freshwater resources available for a given territory and period. Values above 20% are generally considered to be a sign of water scarcity, while values equal or greater than 40% indicate severe water scarcity.
(4) European Commission, 2024, *Seventh Implementation Report from the Commission to the Council and the European Parliament on the implementation of the Water Framework Directive (2000/60/EC) and the Floods Directive (2007/60/EC) (Third River Basin Management Plans and Second Flood Risk Management Plans).*
(5) Indicator refers to concentrations of nitrate (NO_3) in groundwater, measured as milligrams per litre ($mgNO_3/L$). Nitrate can persist in groundwater for a long time and accumulate at a high level through inputs from anthropogenic sources (mainly agriculture). The EU drinking water standard is limited to 50 $mgNO_3/L$ to avoid threats to human health.
(6) Net removals are expressed in negative figures and net emissions are expressed in positive figures. Reported data are from the 2025 greenhouse gas inventory submission. The 2030 value of net greenhouse gas removals is taken from Regulation (EU) 2023/839 – Annex IIa.
Sources: Eurostat, EEA and JRC.

Greece's labour market keeps improving, although structural challenges remain. On the back of a growing economy, unemployment kept declining in 2025, dropping below 9%. Employee nominal wages are expected to rise, and employment is expected to continue growing, albeit at a slower pace than in recent years. This is due to structural issues, such as skills gaps and low participation among women and vulnerable groups. Labour shortages and skills mismatches persist, while demographic decline and regional economic disparities affect labour market performance. As Greece works towards achieving its 2030 employment target, the expansion of targeted and integrated activation measures, addressing skills mismatches and improving job quality will be key to achieving a more competitive and inclusive labour market. The 2025 country-specific recommendations highlighted the need to increase the rate of women and vulnerable groups in work or looking for work and help more young people find work, by promoting more flexible work arrangements, expanding formal early childhood care and education and long-term care and reinforcing active labour market policies.

Labour market outcomes are improving, but a significant part of the working-age population remains underused. The employment rate has continued its upward trend, reaching 71.0% in 2025, the highest since 2015, and reducing the gap with the EU average (76.1%). The growth in employment has been accompanied by a steady decline in the unemployment rate, which fell further to 8.9% in 2025 (EU: 6.0%). Long-term unemployment has been declining, reaching 5.0% in 2025. These positive trends can be linked to favourable economic conditions. However, long-term unemployment is nearly three times the EU average of 1.9%. Labour market slack, measured as unmet need for employment within the extended labour force, was 13.4% in Q4-2024 and continued to decrease to 12.4% in Q4-2025 but remains above the EU average (11.8%). This decrease was mainly due to the reduction in the share of unemployed people and underemployed people working part-time. Across regions, unemployment rates vary, with regions in Northern Greece such as Western Macedonia (15.3%) and Central Macedonia (11.7%) featuring higher rates due to disparities in economic performance and access to education and training.

Graph A11.1: **Employment rate by sex, annual**



(1) Employment rates ages 20-64 (% of population)
Source: Eurostat, LFS [lfsi_emp_a]

Women's labour market participation is still particularly low. Although the employment rate for women increased to 62.3% in 2025 from 59.9% in 2024, it remains far below the rate for men (79.7%) and the EU average (71.3%). This gender gap of 17.4 pps is one of the widest in the EU and has seen little improvement in over a decade. The situation is even more challenging for older women (55-64), as only 49.1% of them were in employment in 2025 compared with 70.9% of older men. Women are also more likely to experience long-term unemployment than men, with a reported rate of 6.5% in 2025, compared with 3.7% for men. The employment rate of women with less than secondary education is 25.1 pps behind that of men. Furthermore, 8.4% of women worked part-time in 2025, compared with 2.8% of men. There are also regional disparities, with mainland regions like Continental Greece (29 pps) and Western Greece (24.8 pps) experiencing larger gender employment gaps. To act on the 2025 country-specific recommendation on increasing the rate of women in work or looking for work, several actions financed by the European Social Fund Plus (ESF+) promote women's participation in the workforce, including through all-day schools, daycare centres for older people and the roll-out of the "neighbourhood nannies" programme. Although legislative changes such as extended maternity leave (in 2024) and childcare financial assistance (in 2025) are positive steps,

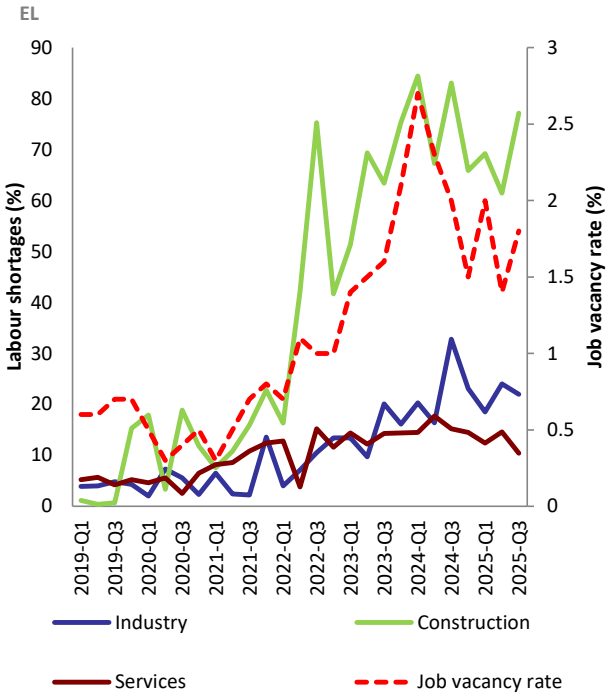
they are not enough to tackle the gender gap on their own. To help women get into and remain in the labour market, targeted employment and training programmes could be beneficial, along with policies to promote shared caregiving responsibilities, flexible working practices and expanded childcare and long-term care services.

The employment situation of young people, although improving, remains challenging. The youth (15-29) employment rate reached 36.2% in 2025, an increase of 6.7 pps compared with 2020. However, it remains significantly lower than the EU average (49.1%). Similarly, the proportion of young people neither in employment nor in education and training (NEETs) fell to 13.6% in 2025 from 14.2% in 2024 but remains higher than the EU average (11.0%). Also, the employment rate for recent graduates decreased to 62.4% in 2025, much lower than the EU average of 83.0%. Regional disparities are evident as well, with regions such as North Aegean (31.9%) and Western Macedonia (31.3%) facing higher youth unemployment rates. The indicators suggest difficulties in integrating young people into the labour market after graduation and point to the need for more effective and tailored support. There is scope for further action to improve the transition from education to work and make more quality work experience available.

Weak labour market attachment is an issue among vulnerable groups. In 2025, the disability employment gap reached 35.9 pps, increasing further by 7.4 pps compared with the previous year. In 2024, young persons with some or severe disabilities represented 83.7% of the total NEETs in Greece. Challenges also persist for non-EU nationals, with an employment rate of 73.9% in 2025, 9.3 pps lower than the national average. Marginalised groups, such as Roma and homeless people, require specific attention to help bring them into and keep them in employment. Efforts are being made to boost employment rates of vulnerable people. Launched in 2024 under the ESF+, the Helios+ programme promotes comprehensive labour market strategies for non-EU nationals and refugees across Greece. Promoting social enterprises is also a valuable mechanism for integrating disadvantaged groups into the labour market.

The public employment services have been modernised, yet the delivery of active labour market policies could be further improved. The Greek public employment service (DYPA) has undergone significant organisational and operational improvements. These include structural reforms, improved digital services and a stronger focus on skills development and employer engagement. Progress has been made, which is reflected in lower unemployment rates and the deployment of modernised ICT systems. However, challenges remain in making job-matching more effective, supporting vulnerable groups and further aligning training programmes with labour market needs. Since 2024, the Greek authorities, with support from the Technical Support Instrument, have been building digital solutions aimed at job matching for vulnerable groups, particularly beneficiaries of the guaranteed minimum income. To help people find work, there is scope for better-targeted employment support measures, accompanied by training programmes and other social services for people in need, and more effective outreach.

Graph A11.2: **Labour shortages and job vacancy rate**



(1) Job vacancy rate, seasonally adjusted, Sector NACE rev2. B-S Industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies)
(2) ei_bsbu_m_r2: months averaged per quarter.
Source: Eurostat [ei_lmjv_q_r2, ei_bsin_q_r2, ei_bsbu_m_r2, ei_bsse_q_r2]

Greece faces labour shortages in several sectors. After continued growth since the pandemic, Greece's job vacancy rate fell below the

EU average (1.3% vs EU: 2.2%) in Q4-2025, a decrease of 0.9% from Q1-2025. However, this aggregate figure masks significant differences across sectors. In Q4-2025, labour shortages impacted both high and lower value-added industries. Labour shortages remain persistently high in sectors such as professional, scientific and technical activities (3.6%), construction (3.3%), the arts, entertainment and recreation (2.9%), and water supply, sewerage, waste management and remediation activities (2.7%). Sector-specific shortages are also reflected in employers' perceptions. In October 2025, while the share of employers expecting labour shortages to limit their production was lower than the EU average in services (16.8% vs EU: 23.1%), it was significantly higher in construction (63.3% vs EU: 27.5%) and industry (22% vs EU: 17.5%). Greece's response to labour shortages involves demand- and supply-side policies, as well as investments in education and training. The projected decrease in the working-age population (-7.2% by 2030), low fertility rates and low immigration will likely intensify these shortages and impact growth in the medium to long run.

Skills mismatches remain a pressing challenge. The macroeconomic skills mismatch arises when the skills of available workers and those who get hired differ. It increased in 2025 (21.4% compared with 20.9% in 2024) and continues to be slightly above the EU average (19.2%). The over-qualification rate in 2025 remained the second highest in the EU, still far above the EU average (31.4% compared with 21.4%) and has been increasing gradually since 2008 (19.9%). This development indicates that one third of workers were employed in occupations that required lower levels of qualifications. In 2025, only half of the population (aged 16-74) had at least basic digital skills (50.96%), indicating challenges to adapt to the rapid uptake of digital technologies in all sectors.

Recent real wage increases have only partially offset losses in 2022 and 2023. Nominal wage growth reached 5.8% in 2024 and slowed to 3%.5 in 2025. Growth is forecasted at 3.4% in 2026. Meanwhile, real wages, after a marked drop in 2022 by 6.3% and stagnation in 2023, increased by 2.6% in 2024 and 0.9% in 2025. Growth is forecasted to be 1.6% in 2026. This recovery in real wages reflects the continued high nominal wage growth; however, real wages have not returned to the 2019 pre-pandemic levels, partly due to persistent inflation. At the same time, the statutory minimum wage increased by around 32.7% between January 2022 and December 2025, a 12.2% rise in real terms.

Despite productivity gains, the balance remains fragile as labour costs keep increasing. Real labour productivity per hour worked increased by 0.8% in 2024, indicating a modest improvement in output per worker. At the same time, nominal unit labour costs (ULC) based on hours worked increased less than in most Member States (2.3% vs EU: 3.3% in 2025). ULC growth is forecast to slow to 2.1% in 2026 on the back of low productivity growth, dropping below the EU average. The lack of ICT specialists in employment is also a major challenge for the digital transition. ICT specialists accounted for 2.5% of total employment in 2025 (vs EU: 5%). The limited use of innovative and digital technologies is one of the factors that limit the scope for further wage growth over time. Targeted policies on digital transformation, improved digital skills, and specialisation in higher-technology and knowledge-intensive sectors could enable sustainable productivity growth, increase wages and strengthen competitiveness.

The quality of jobs remains a source of concern. Compensation per employee is set to accelerate, with an average annual growth rate of 3.6% over the next two years. This growth is driven in part by past hikes in the minimum wage, a further decrease in social contributions and the 2026 personal income tax reform. Nevertheless, Greek workers have one of the lowest average salaries and the highest average weekly hours worked (41 hours) in the EU, as well as a high incidence of atypical working hours. More than 40% of Greek employees work on weekends, and more than 35% work in the evenings. Part-time employment is limited (6.2% vs EU: 17.8%), and it is largely involuntary (42.8%). Temporary work, which accounts for around 9.3% of all employees, is also mainly involuntary (84%) and associated with precarious conditions: 28.7% of temporary workers face material and social deprivation. The high prevalence of undeclared and atypical work negatively affects job quality, pushing many people, especially young people and those who are highly qualified, to search for better job prospects abroad. From 2008 to 2022, over 1.3 million Greeks emigrated, half of them aged under 35, with the talent outflow intensifying among recent graduates. Increasing the availability of high-

quality jobs in the labour market is key to ensuring talent retention and boosting innovation and competitiveness. Initiatives targeting the creation of new jobs through investment in start-up businesses could be a first step towards diversifying the economy and improving its potential to create and maintain quality jobs.

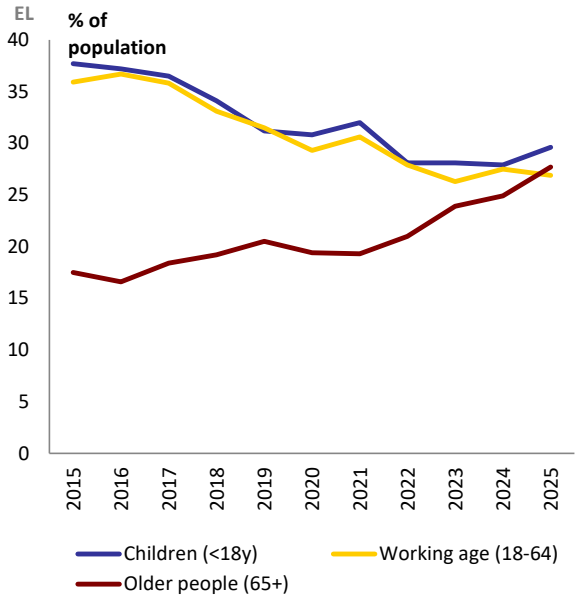
Strengthened collective bargaining could boost the quality of jobs. Greece has very low collective bargaining coverage at 13.1% (2017). Trade union density was at 13.4% in 2020, while employer organisation density remained at 48.7% (2017). All this affects labour market conditions and reduces the reach of negotiated wages and working conditions beyond unionised firms and sectors. In November 2025, the government and social partners reached a national tripartite agreement that eases the criteria for extending collective agreements to apply across an entire sector. The representativeness threshold has been reduced from 50% to 40%, and this requirement is eliminated if national-level social partners are co-signers. The after-effects clause ensures all terms of a collective labour agreement continue to apply after the agreement expires. This coverage includes both existing employees and new hires. In addition, it introduces key improvements to the procedure to resolve disputes. The agreement is part of the broader Action Plan for the Promotion of Collective Bargaining in Greece 2026-2030. The plan also includes non-legislative measures, in particular the creation of a digital register of agreements, and enforcement actions by the labour inspectorate. The involvement of social partners in designing and implementing reforms and policies remains crucial for their success. Funds are available under the Greek sectoral and regional cohesion policy programmes to provide support to social partners to build sufficient capacity.

Greece continues to face challenges in terms of regarding social protection and inclusion. Poverty levels remain high, with persistent income inequality and unequal access to social protection. Social benefits have a limited impact on reducing poverty. Households are struggling to cope with rising food, housing and energy costs. At the same time, access to affordable, high-quality healthcare, long-term care and social housing is limited. The 2025 country-specific recommendations called on Greece to expand long-term care and tackle poverty and social exclusion by further increasing the effectiveness and efficiency of the social protection system. Addressing these challenges through targeted action would contribute to inclusive growth and better living conditions.

Poverty and social exclusion increased for a second consecutive year in 2025, reversing a downward trend. In 2025, the proportion of people at risk of poverty or social exclusion (AROPE) increased by 0.6 percentage points (pps) compared with 2024, reaching 27.5% - one of the highest rates in the EU. Up to 2023, the AROPE rate had followed a generally positive trend over the previous decade. Greece has set an ambitious national target to reduce the number of people at risk of poverty or social exclusion by 860 000 relative to 2019 levels by 2030. By 2023, the country was on track to achieve this goal, having reduced the number by 401 000. However, following increases in 2024 and 2025, the overall reduction is now only 262 000. This setback was driven by an increase in the proportion of people at risk of poverty (from 18.9% in 2023 to 19.6% in 2025, compared with the EU average of 16.3%) and in the share of people experiencing severe material or social deprivation (from 13.5% to 14,9% - one of the highest levels in the EU). Furthermore, 35.8% of persons with disabilities were at risk of poverty or social exclusion in 2025, which is significantly higher the EU average of 28.8%.

There are also marked regional disparities in Greece in terms of poverty levels and deprivation rates. Epirus, Crete and South Aegean have at-risk-of-poverty or social exclusion (AROPE) rates below the EU average of 20.8%, whereas the Peloponnese and Eastern Macedonia exceed the EU average by more than 5 pps. The proportion of people experiencing material and social deprivation also varies across regions, with higher rates in Central Macedonia and Central Greece than in Epirus and South Aegean. These disparities reflect differences in economic opportunities and access to social, healthcare and other essential services (see Annex 19). A comprehensive approach, as set out in the EU anti-poverty strategy, could help address the multiple dimensions of poverty and achieve the national anti-poverty target.

Graph A12.1: **At-risk-of-poverty or social exclusion rate by age group**



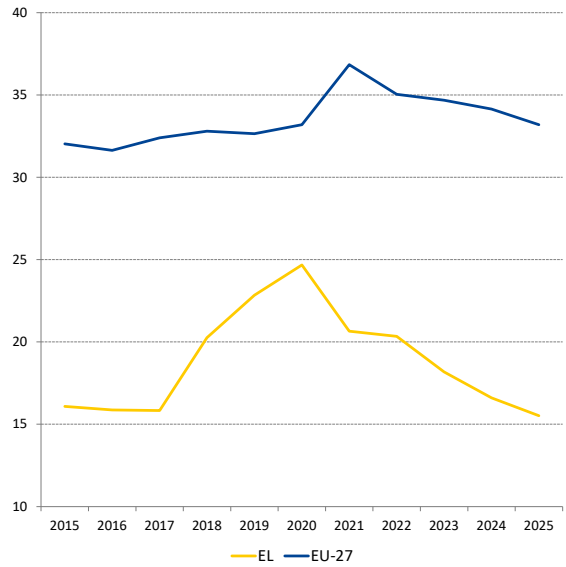
AROPE: At-risk-of-poverty or social exclusion rate (% of total population).
Source: Eurostat, EU-SILC [ilc_peps01n]

Child poverty also increased in 2025. The AROPE rate for children increased by 1.7 pps to 29.6%, ranking among the highest in the EU. This reverses progress made towards the 2030 target of reducing the AROPE rate among children by 6.6 pps from its 2019 level of 31.2%. The percentage of children experiencing severe material and social deprivation increased by 2 pps to 15.9% in 2025, and is double the EU average of 7.9%. In 2025, one in three children (33.6%) under the age of 16 faced child-specific material deprivation. In recent years, the government has expanded financial support for families with children by increasing childbirth and family-related benefits and introducing one-off payments for parents, as well as tax breaks for larger families to reduce the economic strain on households with children. It would be beneficial if implementation of the Child Guarantee were accelerated, including through measures promoting school meals and adequate housing and measures supported by the European Social Fund (ESF+), such as strengthening inclusive education,

deinstitutionalisation and local plans to tackle child poverty.

Social benefits continue to have a modest impact on alleviating poverty amid high income inequality. In 2025, social transfers (excluding pensions) reduced poverty by 15.5%, significantly below the EU average of 34.2%. Income inequality remains pronounced, as evidenced by the income quintile share ratio (S80/S20) of 5.2 (EU: 4.6). At regional level, the income of the top 20% was more than five times that of the bottom 20% in 4 out of Greece's 13 regions. Regions with large urban populations, such as Central Macedonia, the Peloponnese and Attica face higher levels of income inequality, whereas regions such as Epirus, Thessaly and Crete have ratios below the EU average of 4.6. Several measures have been taken since 2023 to reduce inequalities. As part of the social benefits optimisation reform, eligibility criteria based on income and wealth have been reviewed to ensure benefits reach people in need more effectively, and administrative processes for providing social welfare are being modernised.

Graph A12.2: **Impact of social transfers on poverty reduction (%)**



Impact of social transfers (other than pensions) on poverty reduction (% reduction of AROP)
Source: Eurostat [tespm050], EU SILC.

Access to social protection remains markedly unequal across population groups. There are gaps in both effective access and coverage for workers on temporary contracts, part-time workers and self-employed people, who together account for more than 40% of total employment. These gaps are particularly evident among licensed/regulated professions, small business owners, craftspeople, freelancers and farmers. Self-employed people are especially affected by limited formal coverage for pensions and unemployment benefits. This is particularly relevant given that solo self-employment represents 19.7% of total employment (vs EU: 9.3%). In 2024, fewer than 10% of employed people who were at risk of poverty received social cash benefits other than pensions. Only 13.1% of unemployed people received benefits, which is well below the EU average of 52.8%. In addition, 35.4% of non-employed people experienced material and social deprivation (vs 15.6% for the EU) – a significantly higher rate than among employed people (22.1% vs 8.2% for the EU). Self-employed people were more affected by material and social deprivation than employees (25% compared with 21%). Among temporary contract workers, 18.4% of those at risk of poverty before social transfers did not receive any benefits in 2024 (vs EU: 38.3%), and 28.7% of them experienced material and social deprivation (vs EU: 13.8%). Long delays in pension decisions affect workers approaching pensionable age, including EU mobile workers, with significant implications for freedom of movement within the single market (see Annex 5).

Despite some improvements, Greece continues to face challenges in terms of the adequacy and coverage of minimum income benefits. In 2024, the adequacy of minimum income benefits in Greece remained below the EU average, standing at 50.4% as a share of the poverty threshold (compared with 56.3% for the EU) and 27.4% as a share of the income of a low-wage earner (compared with 50.1% for the EU). The benefit recipient rate, which focuses on people aged 18-64 who are at risk of poverty and live in a jobless or quasi-jobless household, was 66.6% in 2024 (compared with 83.2% in the EU), up by 8.2 pps since 2022 but still among the lowest in the EU. Overall, Greece has so far taken limited steps to respond to the 2025 country-specific recommendation to further increase the effectiveness and efficiency of the social protection system. The guaranteed minimum income increased by 8% in January 2024, and the eligibility criteria were expanded to cover more people in need. However, the benefit remains insufficient compared with the poverty threshold and reaches only a small proportion of those in need.

Access to healthcare and long-term care also continues to be challenging. The share of people in Greece who reported unmet medical needs reached 11.5% in 2025, which is currently the highest in the EU (EU average: 2.4%) (see also Annex 15). Unmet long-term care (LTC) needs are also relatively high, at 29.1%, which is above the EU average of 26.6%. Meanwhile, public expenditure on LTC is the lowest in the EU at 0.1% of GDP compared with EU 1.7% for the EU) ([289]). As a result, service provision is limited, with a workforce of only 0.3 workers per 100 people aged 65 and over compared with the EU average of 3.3. Only 20.1% of people aged 65 and over receive home care services, well below the EU average of 28.6%. The limited availability of home care, combined with insufficient community-based and residential care services, which are concentrated in wealthier regions, significantly constrains user choice. LTC services rely heavily on informal care and a variety of public and private care structures. As the population ages, demand for LTC is expected to increase. The national long-term care strategy, with parallel support from the Technical Support Instrument, is accompanied by an action plan that sets out a wide range of measures to improve capacity and affordability and ensure a balanced mix of private and public formal LTC services (including residential, community-based and home-based care). Developing the social economy in care provision in cooperation with public authorities could improve access to LTC services reduce informal arrangements.

Greek households are facing rising housing costs. In 2025, they spent on average 34.6% of their income on housing expenses, the highest rate in the EU (EU: 18.9%). Single households, low-income households and vulnerable groups such as persons with disabilities and non-EU nationals are particularly affected (see Annex 16). With support from the Recovery and Resilience Facility (RRF), Greece has started providing means-tested, low-interest loans for the purchase of primary residences and plans to adopt a comprehensive housing strategy that maps the available housing stock and considers regional needs. A new housing portal provides the public with immediate, personalised and accessible information on all housing programmes and regulatory initiatives. It would be beneficial if Greece took further action focusing on social housing and affordable housing to address housing challenges, particularly for vulnerable groups.

Energy poverty in Greece remains a pressing challenge. In 2025, the proportion of households unable to keep their homes adequately warm decreased by 0.9 pps, remaining high at 18.1% (vs EU: 8.8%). Among people at risk of poverty, energy poverty did fall by 7.5 pps, reaching 36.1% (EU: 19.6%). Greece also has one of the highest proportions of the population with utility bills arrears in the EU, with one in three households (31.9%) experiencing difficulty paying bills in 2025 (compared with 7.0% in the EU). In 2025, Greece updated its energy poverty action plan, placing a stronger focus on identifying and monitoring vulnerable households and implementing long-term structural measures, particularly in the areas of energy efficiency and building renovation. These efforts are complemented by broader energy policy measures, including continued energy efficiency programmes for residential buildings, support for renewable energy deployment and self-consumption, and targeted consumer protection measures. If these measures are targeted effectively, they could contribute to reducing energy poverty. From 2026, the European Social Climate Fund will provide additional support to the most vulnerable households through energy efficiency investments.

Transport poverty is a significant problem in Greece. In 2023, rail accounted for only 0.5% of total land passenger transport (measured in passenger-kilometres), the lowest proportion in the EU (EU average: 8.4%). This is one reason why private car use (83.8%) is above the EU average (82%). At the same time, a higher proportion of people in Greece cannot afford a car (8.4% compared with the EU average of 5.6% in 2024). The problem also affects rural areas, where 6% cannot afford a car (vs EU: 4%), and people at risk of poverty (20.5% vs EU: 15.9%). Improving the affordability, accessibility and availability of public transport ([290]) would be a viable way to support vulnerable households.

([289])European Commission, *Ageing Report*, 2024.

([290])There are no data on public transport accessibility in Greece on the Commission's Transport Poverty Hub as data are not available on Greece's national access point set up under Delegated Regulation (EU) 2017/1926.

Enhancing the resilience and competitiveness of the Greek economy needs targeted policy action on skills and education. Despite recent reforms and significant investments in education and skills, educational outcomes remain poor. In particular, participation in early childhood education and care (ECEC) remains low, particularly among children at risk of poverty or social exclusion. A large share of Greek students, particularly those from disadvantaged backgrounds, do not reach a minimum level of proficiency in basic and digital skills. Challenges in school governance, including limited school autonomy, and uneven implementation of teacher evaluation and professional development, further restrict the potential to improve learning outcomes. Weak outcomes in science, technology, engineering and mathematics (STEM) subjects, low enrolment in information and communications technology (ICT) programmes, low participation in adult learning, and the weak attractiveness of vocational education and training (VET) hinder skills development, innovation potential and competitiveness. These weaknesses reveal structural challenges of the education system, including gaps in equity, quality and alignment with labour-market needs. The 2025 country-specific recommendations (CSRs) call on Greece to: (i) expand formal ECEC and long-term care; (ii) take action to tackle skills mismatches; and (iii) improve educational outcomes by enhancing continuous professional development for teachers focused on competence-based approaches and aligning student assessment to these approaches, improving school autonomy, and expanding teacher evaluation.

Participation in formal childcare for children under three, especially those at risk of poverty or social exclusion, continues to be particularly low. In 2024, 28.8% of Greek children aged 0-3 attended ECEC (EU average: 39.3%) versus the national Barcelona target of 42.8% by 2030, with no significant improvements in recent years. The rate is even lower for children at risk of poverty or social exclusion (19.8% in 2023; EU average: 25.2%). Disparities in participation exist notably between municipalities, particularly in rural or disadvantaged areas of the country. The most recent data for children aged between three years and the compulsory starting age for primary education show that 68.8% of them were enrolled in ECEC in 2019 ([291]), far short of the 2030 target of 96%. In recent years, Greece has invested in early years, including by making pre-primary education compulsory for children aged four to six back in 2020. Several measures to improve access to quality ECEC have been taken, including by creating and expanding infrastructure, with support from the European Regional Development Fund. Policy measures were introduced in the 2024/2025 school year to support children, including the expansion of access to all-day childcare. Support for children with special educational needs within classrooms, from ECEC to secondary education, has been gradually expanded based on a comprehensive intervention programme to promote inclusion developed in 2024. Challenges persist due to the increasing number of pupils requiring special education support in Greece. Increasing resources for special needs education will help narrow the overall basic skills gap in the performance of pupils and students. The Recovery and Resilience Facility (RRF) supports a pilot programme for early intervention that aims to increase the participation rate of children with disabilities and ensure their inclusion. Additional measures to promote and support children in need and vulnerable children in early childhood education could be developed under the Child Guarantee. Advancing quality, equity and integration in ECEC would further increase participation rates, in particular for children under the age of four. In parallel, governance is fragmented between pre-primary education and childcare services, undermining monitoring and quality assurance ([292]).

The low levels of basic and digital skills remain a key challenge for the education system, with implications for employment and competitiveness. In 2022, the underachievement rates among 15-year-olds were among the highest in the EU (47.2% of 15-year-olds underperformed in mathematics, 37.6% in reading and 37.3% in sciences), hindering full

([291]) See Eurostat [educ_uoe_enra21], UNESCO OECD Eurostat joint data collection. Data are available for all Member States except Greece. This indicator measures participation in ECEC that is considered to be educational according to ISCED 2011. Childcare programmes that do not meet the minimum requirements are not included.

([292]) OECD (2026), *Improving Learning Outcomes in Greece: Strengthening School Governance, Teacher Professionalism and Digital Education*, Reviews of National Policies for Education, OECD Publishing, Paris, https://doi.org/10.1787/6323bd8e-en.

participation in society and success in the labour market. Disadvantaged students are the most affected, with only 7.1% of them performing well (level 4 or above on the PISA scale) in at least one of the above three subjects, which is significantly below the EU average (16.3%). In addition, the share of top-performing students in all three subjects tested by PISA is among the lowest in the EU, limiting the pool of innovative talent in the future. The limited alignment of student practices, including standardised national assessment methods, with the competence-based approach, together with weak monitoring of students' performance, constrains improvements in educational outcomes. Greece is also significantly lagging behind in terms of digital skills, with 60% of eighth graders not reaching the basic level (EU average: 43%; 2030 EU-level target: 15%), and the overall share of adults with basic or above-basic digital skills standing at 50.96% in 2025, 10 percentage points lower than the EU average. Significant investments are ongoing with support from the RRF and the cohesion policy funds, mainly in digital infrastructure and digital content for primary and secondary education. However, purposeful integration of digital tools into teaching and learning ([293]) is limited and uneven. Through the Technical Support Instrument, Greece is receiving support to create a framework for measuring and evaluating the impact of investments in the digital transformation of pre-primary, primary and secondary education, through monitoring and evaluating educational outcomes. To increase students' performance, the type of support provided to pupils and children with special educational needs or learning difficulties is also important. The rate of early leavers from education and training remains low, at 3% (EU average: 9.3%). However, disparities persist between rural and urban areas as well as between regions with higher rates of early school leaving such as continental Greece, Eastern Macedonia and Thrace, and Peloponnese. Young adults (18-24) with disabilities are more likely to abandon education, with an early school leaving rate of 9.7% (EU average: 19.1%).

Improving teaching quality and strengthening school governance can help raise learning outcomes. Recent reforms of teacher evaluation and professional development provide a framework for improvement, but their impact is still limited due to uneven implementation and insufficient alignment with competence-based teaching practices. Professional development is not yet systematically linked to teachers' needs, reducing its effectiveness in supporting instructional change. Moreover, teacher evaluation and professional learning are not systematically school-based. In parallel, restricted school autonomy continues to limit schools' ability to tailor pedagogical approaches and respond to local challenges ([294]). An integrated whole-school approach is yet to be developed ([295]). The RRF contributes to enhancing teachers' skills and empowering them to improve teaching quality by supporting teacher training.

Despite significant reforms of the VET system, its labour-market relevance and attractiveness remain low. The reforms introduced to modernise the VET system focused on digital transformation. In particular, Greece created a digital educational portal and tutoring service, aiming to provide interactive learning materials and distance education tools. Other key reforms included the development of a digital career orientation platform to support learners in making informed career choices. To improve access to education in remote areas, the 'e-PROFESSIONAL' platform was developed to improve the recognition of professional qualifications. In parallel, the RRF supports substantial reforms and investments in VET, such as the redesign of curricula, digitalisation, and the renovation of VET equipment and infrastructure. Greece also focuses on supporting work-based learning to boost youth employability and better match skills with labour-market demands. Apart from the establishment of the first public Academy of Vocational Training in the field of pharmaceuticals, key initiatives include the Apprenticeship Year for people who have completed vocational upper-secondary school (EPAL) and the apprenticeship schools (EPAS) of the public employment service (PES), which blend school-based education with paid on-the-job training, along with expanded practical training

([293])OECD (2026), *Improving Learning Outcomes in Greece: Strengthening School Governance, Teacher Professionalism and Digital Education*, Reviews of National Policies for Education, OECD Publishing, Paris, https://doi.org/10.1787/6323bd8e-en.

([294])Ibid.

([295])Council Recommendation of 28 November 2022 on Pathways to School Success, https://education.ec.europa.eu/education-levels/school-education/pathways-to-school-success.

opportunities in post-secondary VET. In 2024, 69.5% of people who had recently completed medium-level VET were in employment (EU average: 80.0%), up from 59.8% in 2022. However, the rate remains below the overall employment rate of people who have recently completed VET (73.2%; EU average: 82.3%). In addition, in 2025, only 25.8% of people who had recently completed VET had experienced work-based learning, far below the EU average of 66.0%. Moreover, participation in STEM fields in medium-level VET remains low: in 2023, it stood at 30.9%, below the EU average of 36.2%. Only 12.4% of VET pupils in STEM fields were female (EU average: 15.4%).

Skills shortages and mismatches hinder competitiveness and the innovative potential of the economy. In Cedefop's 2024 European Skills Index, Greece is ranked 30th out of 31 countries for skills matching, 28th for skills development and 27th for skills activation. While the share of tertiary students enrolled in STEM programmes is greater (33.7% in 2023) than the EU average of 26.9%, exceeding the EU-level 2030 target of 32%, it is not sufficient to meet the growing demand for ICT specialists. STEM tertiary students are predominantly enrolled in engineering, manufacturing and construction (62%; vs EU average: 54.6%) and in natural sciences, mathematics and statistics (25.8%; vs EU average: 25.1%). Enrolment in ICT programmes remains low (12.1%; vs EU average: 20.3%), whereas skills shortages persist in the labour market and there is a high demand for workers in software development, data analysis and cybersecurity and for artificial intelligence professionals. The national 2020-2025 digital transformation strategy stresses the need for advanced digital skills and emphasises the role of ICT specialists in driving this transformation. Greece is developing a monitoring and evaluation framework for digital education to help assess how investments correlate with students' educational outcomes. Through the RRF, resources are being invested in reforms supporting the development and digitalisation of the skills ecosystem. This includes: (i) the development of a new strategy for lifelong learning consisting of a comprehensive framework for identifying labour-market skills needs and supporting the upskilling and reskilling of the workforce, and a strategy for excellence in universities and innovation; and (ii) measures to strengthen the apprenticeship system and upgrade VET. The European Social Fund Plus (ESF+) is also investing in human capital, focusing on inclusive education and skills development, through national and regional programmes. Cooperation of principal stakeholders and reinforced coordination of current measures and services remains vital, with a view to addressing skills shortages and mismatches.

Greece has made some progress in developing skills intelligence, but skills anticipation remains limited. Its Mechanism of Labour Market Diagnosis, developed with support from the European Social Fund, assesses skills demands at sectoral and regional levels and provides short- and medium-term forecasts of labour-market needs. These demands are mapped according to occupations and qualifications, and are available to key actors including PES. Skills intelligence tools are now being implemented in some form in all PES, but challenges remain in terms of skills anticipation. The development of a more systematic approach remains pressing, in order to integrate data sources, link needs to skills rather than occupations and qualifications, and inform skills development in VET and adult learning.

Greece continues to face skills shortages linked to the green transition, **particularly in specialised environmental and technical skills.** In early 2024, Greece launched a national skills strategy focusing on modernising the labour market to meet new skill demands. This strategy integrates green skills development into broader workforce transformation. Nevertheless, gaps remain in matching workforce skills to emerging green job demands. There is still a need for targeted measures to upskill and reskill the current workforce to reduce mismatches. Public awareness initiatives to inform about the range of available green careers and the opportunities for acquiring relevant skills could also be helpful.

Low participation in adult learning contributes to skills mismatches and hampers competitiveness. In 2022, the share of adults participating in education and training, excluding guided on-the-job training, was only 15.1% (adult education survey). This rate is among the lowest in the EU and far below the EU average of 39.5%. Participation is even lower for the 55-64 age group, with a rate of 7.1% in 2022 (EU average: 29.9%), versus 25.6% among 25-34-year-olds (EU average: 49.5%). Similarly, participation is only 2.8% among people aged 18-

64 with less than primary, primary and lower secondary education (levels 0-2), compared to 30.6% of people with tertiary education. Several measures have been implemented to tackle skills mismatches, as called for by the 2025 CSR, and improve participation in adult learning. These include the reform of the national lifelong learning framework and the supply of training programmes to half a million people as part of the RRF, the creation of a monitoring mechanism to track adult participation in lifelong learning programmes, the development of adult learning centres at municipal level, the issuance of digital certificates, and the development of micro-credentials. However, fostering participation and promoting equity and excellence in the education system remain pressing challenges. For instance, the full implementation of individual learning accounts, which is still pending, could promote tailored training approaches according to the needs of the workforce.

Table A14.1:**Social Scoreboard for Greece**

Equal opportunities and access to the labour market	Adult participation in learning (during the last 12 months, excl. guided on the job training, % of the population aged 25-64, 2022)	15.1
	Early leavers from education and training (% of the population aged 18-24, 2025)	3.0
	Share of individuals who have basic or above basic overall digital skills (% of the population aged 16-74, 2025)	51.0
	Young people not in employment, education or training (% of the population aged 15-29, 2025)	13.5
	Gender employment gap (percentage points, population aged 20-64, 2025)	17.4
	Income quintile ratio (S80/S20, 2025)	5.17
Dynamic labour markets and fair working conditions	Employment rate (% of the population aged 20-64, 2025)	71.0
	Unemployment rate (% of the active population aged 15-74, 2025)	8.9
	Long term unemployment (% of the active population aged 15-74, 2025)	5.0
	Gross disposable household income (GDHI) per capita growth (index, 2008=100, 2024)	84.1
Social protection and inclusion	At risk of poverty or social exclusion (AROPE) rate (% of the total population, 2025)	27.5
	At risk of poverty or social exclusion (AROPE) rate for children (% of the population aged 0-17, 2025)	29.6
	Impact of social transfers (other than pensions) on poverty reduction (% reduction of AROP, 2025)	15.5
	Disability employment gap (percentage points, population aged 20-64, 2025)	35.9
	Housing cost overburden (% of the total population, 2025)	26.4
	Children aged less than 3 years in formal childcare (% of the under 3-years-old population, 2025)	23.7
	Self-reported unmet need for medical care (% of the population aged 16+, 2025)	11.5

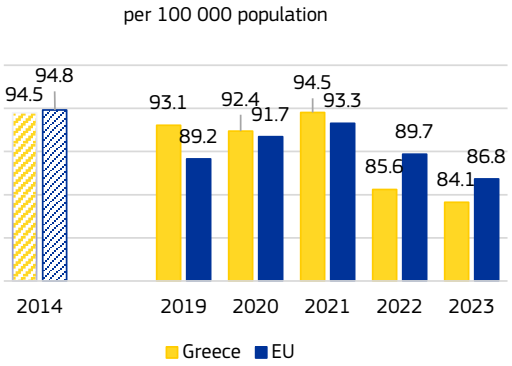
Critical situation	To watch	Weak but improving	Good but to monitor	On average	Better than average	Best performers

Update of 4 May 2026. Members States are categorised based on the Social Scoreboard according to a methodology agreed with the EMCO and SPC Committees. Please consult the Annex of the Joint Employment Report 2026 for details on the methodology (https://employment-social-affairs.ec.europa.eu/joint-employment-report-2026_en).

Source: Eurostat

Greece's health system faces significant access challenges. They include (i) limited and uneven access to healthcare; (ii) suboptimal funding allocation and cost-effectiveness of the health system, with insufficient focus on disease prevention and outpatient care; and (iii) shortages of general practitioners (GPs) and nurses, in particular in the public health system. Addressing these challenges could place the country in a better position to ensure the health of its population and social fairness, while boosting productivity and competitiveness of its economy.

Graph A15.1: **Treatable mortality**



Age-standardised death rate - mortality that could be avoided through optimal quality healthcare.
Source: Eurostat (indicator: hlth_cd_apr)

Life expectancy at birth in Greece rebounded slightly over its pre-COVID-19 level, just above the EU average. In 2023, women could expect to live about 5 years longer than men, but they could only expect to live 1.3 years longer than men in good health. Treatable mortality was also back below the EU average, having significantly decreased since 2014 (see Graph A15.1). The main causes of death remain diseases of the circulatory system ('cardiovascular diseases', CVDs) and cancer (respectively 31.8% and 22.9% of all deaths in 2023), with standardised mortality rates just below EU averages. Under EU4Health, Greece benefits from several grants and participates in joint actions targeted at cancer treatment and prevention, at CVDs and other non-communicable diseases, including EUnetCCC, JANE-2, the JA PreventNCD, JACARDI, CARE4DIABETES ([296]).

Preventable mortality in Greece has only slightly decreased over the last 10 years. Preventable mortality in 2023 was below the EU average but only 4% lower than in 2014, despite a sharp drop after the 2021 peak. It is attributable to the impact of the COVID-19 pandemic but also to the persistent impact of cancer, in particular lung cancer. Preventable mortality in Greece is significantly linked to environmental factors (such as air pollution, see Annex 8) and to behavioural risk factors, in particular heavy smoking and poor diet. Despite a decline over the last two decades, adults' smoking rates remain among the highest in the EU. Moreover, adolescents' smoking rate has only decreased slightly, while the use of e-cigarettes is on the rise ([297]). Enforcement of the stricter anti-tobacco legislation since 2019 has proven challenging. New legislation since 2025 aims to protect minors, including by mandating compulsory age verification for purchases and with a ban on international mail orders. Adolescents also face high and increasing overweight and obesity rates (much higher than in most EU countries), affecting 28% of the 15-year-olds in 2022. This can be linked to a reported lack of physical activity and poor diet, with too few consuming fruit and vegetables daily.

Greece is advancing in its prevention programme but investment in disease prevention remained below the EU average. In 2023, investment in disease prevention was lower than the EU average (3.1% of all healthcare spending vs 3.7%), with half of it spent on immunisation, likely a result of one-off spending due to COVID-19. Since 2024, the national prevention programme - partly funded through the Greek recovery and resilience plan (RRP) - has broadened access to and/or increased affordability of breast cancer, cervical cancer and colon cancer screening, as well as preventive examinations for CVDs. The RRP includes other prevention measures for the 'Promotion of Physical Exercise and Healthy Eating', such as legislation on healthy eating in school canteens, community actions, awareness-raising actions, interventions to promote the mental health of adolescents and young people, and the establishment of a European Centre for Obesity (opened in 2025).

([296]) EUnetCCC: European Network of Comprehensive Cancer Centres; JANE-2: Shaping the EU Networks of Expertise on cancer!; JA PreventNCD - Reducing Europe's cancer and NCD burden through coordinated strategies on health. determinants; JACARDI - Joint action on cardiovascular diseases and diabetes; CARE4DIABETES.

([297]) OECD/European Observatory on Health Systems and Policies (2025), *Country Health Profile 2025: Greece. State of Health in the EU.*

Table A15.1:**Key health indicators**

	2020	2021	2022	2023	2024	10-year change**	EU average* (latest year)
Cancer mortality per 100 000 population	240.8	238.9	230.0	232.5	n.a.	0.93	233.1 (2023)
Mortality due to circulatory diseases per 100 000 population	335.1	339.5	324.6	297.9	n.a.	0.78	313.0 (2023)
Current expenditure on health, purchasing power standards, per capita	1 726	1 879	1 994	2 191	n.a.	1.49	3834.9 (2023)
Public share of health expenditure, % of current health expenditure	61.8	62.1	62.0	60.9	n.a.	1.06	80.6 (2023)
Spending on prevention, % of current health expenditure	1.8	4.0	4.5	3.1	n.a.	2.01	3.7 (2023)
Available hospital beds per 100 000 population***	352	356	359	359	n.a.	1.01	440 (2023)
Doctors per 1 000 population*	6.2	6.4	6.6	6.6	n.a.	1.11	4.3 (2023)*
Nurses per 1 000 population*	2.1	2.2	2.2	2.2	n.a.	1.18	7.6 (2023)*
Mortality at working age (20-64 years), % of total mortality	12.2	12.9	11.6	11.8	11.6	0.89	14.3 (2023)
Consumption of antibiotics in the community and hospital sectors, defined daily doses per 1 000 inhabitants	28.1	23.5	32.9	28.5	29.9	0.90	20.3 (2024)

*The EU average is weighted for all indicators except for doctors and nurses per 1 000 population, for which the EU simple average is used based on 2023 data (or latest available). Doctors' density data refer to practising doctors in all countries except Greece, Portugal (licensed to practise) and Slovakia (professionally active). Density of nurses: data refer to practising nurses (EU recognised qualification) in most countries except Portugal (licensed to practice) and Slovakia (professionally active). Latest data update on nurses for Belgium and Sweden: 2022; for France: 2021; for Luxembourg: 2017.

** latest available 10-year trend: ratio 2023/2014 or 2024/2013; a factor of 2.00 means that it has doubled in 10 years.

***'Available hospital beds' covers somatic care, not psychiatric care.

Source: Eurostat

The Greek health system relies primarily on hospital care. In 2023, health expenditure per capita in Greece was much lower than the EU average (see Table A15.1), despite an almost continuous upward trend over the previous decade (50% of the 2014 level). The largest share of health expenditure, over 40%, went on hospitals, followed by medical goods – retail pharmaceuticals and therapeutic appliances – taking up almost a third of total spending. Outpatient care received one of the lowest shares in the EU, accounting for about one fifth of total health spending. This suggests that the role of primary healthcare (PHC) remains limited in Greece. However, the number of available hospital beds and the average length of stay were also below the EU average. Moreover, Greece displays a 10-year trend of low investment in the health sector, despite a relative increase since 2021 (EUR 8.5 million per 100 000 inhabitants vs 22.9 million for the EU average in 2023) ([298]), raising concerns about the continuity and quality of service delivery. The estimated domestic spending per capita by Greece on prevention, preparedness and response was also below the EU average in 2023 ([299]). Under the Greek RRP, a significant share of the EUR 1.5 billion allocated to healthcare goes on the renovation of health infrastructure (including 80 public hospitals).

In 2024 the consumption of antibiotics was one of the highest in the EU. Consumption is below Greece's pre-COVID-19 pandemic levels, but the yearly rates are fluctuating. It is therefore unclear whether Greece is on track to meet its recommended national target of a 27% reduction by 2030 ([300]). This persistent high consumption level raises concerns about antimicrobial resistance (AMR) caused by over- and misuse of antibiotics and related multi-resistant infections, in particular among hospital patients in Greece with bloodstream infections – a group with one of the highest rates of antibiotic-resistant bacteria in the EU ([301]). Greece benefits under EU4Health from a direct grant to implement AMR measures and participates to two joint actions on the matter.

Greece's healthcare spending allocation and reported unmet health needs shows that there is room to improve its health system, in particular for people living in more remote areas or on lower incomes. Despite a fairly broad public package in 2025 (except for dental care), the proportion of the Greek population reporting unmet medical care needs was the highest in the EU, with a slight decrease back to the 2023 share (see Annexes 12, 17 and 18). Such unmet needs are mainly due to financial reasons, followed by waiting times. A higher share of people in Greece than in the other Member States also forgo care because of the distance to healthcare facilities. As an illustration, in 2023

([298])Country Health Profiles - Dashboard.

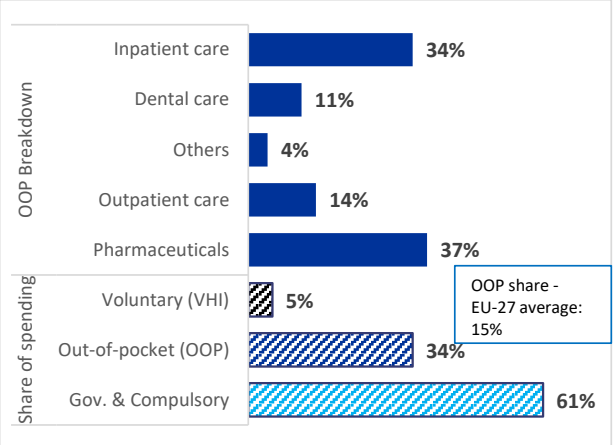
([299])OECD Health Statistics 2025.

([300])National target set by the Council Recommendation on stepping up EU actions to combat antimicrobial resistance in a One Health approach, 2023/C 220/01.

([301])ECDC & WHO Regional Office for Europe, 2023.

only 63% of the population lived within a 10-minute drive of a hospital in Greece, and this percentage varied greatly across Greece's regions ([302]). One way Greece is addressing this challenge is by enhancing aeromedical transports for remote communities. In 2025, 1 in 5 people who declare having medical needs report that they had to forgo the care needed, with lower income groups being the most affected. Forgone care is reported by 21% of women and 19% of men. The lack of public coverage for dental care is reflected in even higher unmet dental needs: it concerns over 24% of people declaring dental care needs, representing 4 times the EU average. In 2025, almost half of people living below the poverty threshold reported forgoing dental care needs. Healthcare coverage is also a powerful tool against poverty and inequality, beyond its direct impact on health status ([303]). This underscores the importance of addressing inequalities in access to healthcare, as highlighted by the 2025 CSR to address poverty and social exclusion by further increasing the effectiveness and efficiency of the social protection system, whose recitals explicitly refer to the unmet medical needs in Greece.

Graph A15.2: **Out-of-pocket payments: share in healthcare spending and categories, 2023**



Household out-of-pocket payment: direct payment for healthcare goods and services from the household primary income or savings, where the payment is made by the user at the time of the purchase of goods or the use of the services (Eurostat). VHI: voluntary health insurance.
(1) Others: eyeglasses, hearing aids, lab tests...
Source: Eurostat and Country Health Profiles - Dashboard

In total, people spend most of their out-of-pocket payments on pharmaceuticals and inpatient care. In 2023, Greece's public spending as a proportion of total health expenditure was still among the lowest in the EU (61% vs 81%), having barely increased over the previous decade. This translates into one of the highest proportions of out-of-pocket (OOP) payments for healthcare in the EU (34% in 2023, more than twice the EU average). The high level of OOP payments also derives from the long waiting lists and the high reliance on private providers, notably to by-pass the waiting times. As regards hospitals, the Unified Surgical List and the afternoon surgery scheme implemented since 2024 have led to a significant reduction in the backlog of patients for elective surgeries. Retail pharmaceuticals accounted for most OOP payments (37%) and inpatient care for 34% of them (see Graph A15.2). In 2023, 9.5% of Greek households experienced catastrophic spending on healthcare, and the main driver was OOP payments for medicines ([304]).

Spending on retail pharmaceuticals is well above the EU average, but industry investments in R&D are lagging behind. In 2023, retail pharmaceutical spending represented 27% of total health spending in Greece - double the EU average of 13%, with a use of generics remaining among the lowest in the EU despite a significant increase in 2013-2023 ([305]). Yet in 2024, the share of employment in pharmaceutical manufacturing was just about at the EU average, and the number of clinical trials per million population was just above the EU average of 18.3 ([306]). Investment in R&D by Greece's pharmaceutical industry, in euro per capita, more than tripled between 2018 and 2023 but was still lagging behind other EU countries ([307]). In 2024, the number of patents granted for pharmaceuticals per million population (0.6) was a third of the EU average (1.8), hinting to limited levels of innovation ([308]). As for trade and commercialisation, despite a surge at 6.3% in 2020, the industry maintains a modest share of extra-EU exports (3.7% in 2025 vs 13.9% for the EU average), compared with the rapid growth observed in the EU's top-improving Member

([302])Eurostat, see Annex 18.
([303])European Commission: Directorate-General for Health and Food Safety, Cruces et al. (2025), The role of healthcare in reducing inequalities and poverty in the EU.

([304])*Country Health Profile 2025: Greece* – see earlier footnote.
([305])*Country Health Profile 2025: Greece* – see earlier footnote.
([306])US National Library of Medicine, https://clinicaltrials.gov.
([307])The Pharmaceutical Industry in Figures, EFPIA (European Federation of Pharmaceutical Industries and Associations).
([308])European Patent Office: Statistics & Trends Centre | epo.org.

States. Under the Greek RRP, several structural measures have been implemented since 2024 but the actual impact remains to be seen. RRP measures include an e-prescription system extended to inpatient care and encouraging investment in the pharmaceutical sector, including by allowing companies to offset amounts due to the state (clawback payments), against their R&D expenditure.

Persistent shortages and uneven distribution of health professionals across regions also hampers access to healthcare. On top of the low share of public funding for outpatient care, the Greek health system faces shortages in nursing and several medical specialties, including GPs. 2023 data on nurses and doctors are very similar to 2022 data, pointing to a significant challenge for the health system (see 2025 Country Report). The public sector strives to attract and retain GPs and nurses. The situation is worse in rural and hard-to-reach areas. Moreover, the prevalence of probable major depressive disorders is 10 times higher in the medical workforce (33%) than in the general population (3%) ([309]). This huge gap points to the need to improve working conditions for medical staff. Greece has taken several measures whose successful implementation would help to address this issue. The organisational reforms under the Greek RRP include a National Health Map, to record the demand and supply of services in the health system. The use of this evidence-based tool for workforce planning would be an important step towards a comprehensive workforce strategy. Greece also participates in the joint action HEROES ([310]) under EU4Health, through which EU countries share knowledge and experience on health workforce planning.

Greece is implementing measures to improve primary healthcare, including by investing in e-health. Limited availability of outpatient care still hinders access to healthcare, in particular to PHC and prevention. Several measures under the Greek RRP or planned under the current cohesion policy aim to boost primary and outpatient care, including the personal doctor reform. They often include increased use of digital health and telemedicine to improve access for all, in particular in hard-to-reach areas. RRP measures include (i) setting up systems for home healthcare and "hospital at home" for patients with chronic disabilities; (ii) creating the platforms for registration with a personal doctor and referral to specialty care; and (iii) renovating over 150 PHC units and adding chronic diseases management units to each of them. The cohesion policy has also funded by over EUR 200 million the set up and functioning of 127 'TOMYs' across the country (community-based PHC units targeted at the more vulnerable people). Cohesion funds are also aimed at setting up Mobile Health Units (KOMYs), but the nationwide roll-out remains to be implemented. The Greek government launched its National Strategy for Quality of Care and Patient Safety (2025-2030) in January 2025, and has also contracted a WHO analysis and proposal for unified care pathways (under development). Other significant investments focusing on the digital transformation of healthcare in Greece are part of the RRP. For instance, the development of the National Electronic Health Record which was launched in May 2025. Greece also participates in the joint action TEHDAS2 ([311]) and receives direct grants under the EU4Health programme to facilitate the implementation of the European Health Data Space.

However, e-health opportunities have yet to be fully taken up, and their use is uneven across education levels. Despite the increased use of personal health records online and of people using online health services, uptake varies widely depending on a patient's socio-economic background (see 2025 Country Report), and insufficient digital health literacy remains a challenge. As an illustration, the 2025 OECD Patient-Reported Indicator Surveys (PaRIS), which assess outcomes and care experiences among individuals aged 45 and over with chronic conditions, report that only 37% of Greek patients felt confident managing their own health, and that people with lower education struggle much more to use the website of their PHC practice. Mid-2025, Greece has also launched the 1566 "hotline" funded by the RRP, which is intended to be a one-stop information point on the health system. It is expected to integrate all services by mid-2026.

([309]) WHO Regional Office for Europe (2025), *Mental Health of Nurses and Doctors survey in the European Union, Iceland and Norway*.

([310]) JA HEROES | Health workforce planning project.

([311]) Second Joint Action Towards the European Health Data Space – TEHDAS2 - Tehdas.

Housing affordability affects a large part of the Greek population. Low-income households spent more than 60% of their income on housing. Seasonal workers and critical workers struggle to secure affordable housing in the place of their assignment. Young people are highly dependent on family support, with a large proportion continuing to live with their parents for many years. Housing for vulnerable groups and marginalised communities remains poor, segregated and insecure.

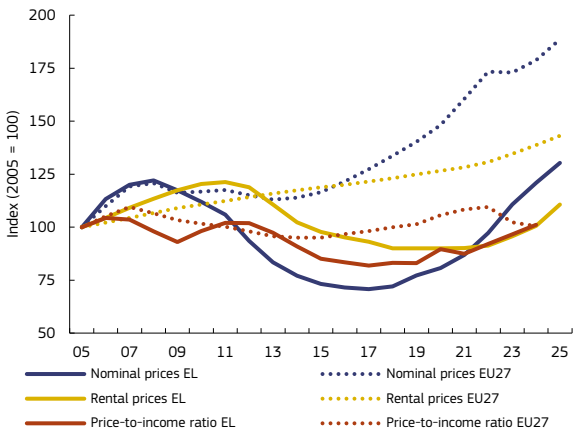
Market dynamics will not be able to provide housing solutions in the coming years. Housing prices are increasing continuously at a higher pace than household income. Several factors limit the supply of the housing stock. The construction sector's competitiveness is constrained by the increasing price of construction materials and the labour shortage. The housing stock for residential buildings is mainly old, with a significant proportion unoccupied. The development of short-term rentals reduces housing supply in metropolitan areas and tourist hotspots. Investment in housing stock is limited compared with the investment gap. A significant part of such investment, including foreign direct investment, is in the most rentable market component.

Public interventions in the housing market are not currently sufficient to counterbalance market dynamics and will require additional efforts. Provision of social housing has stopped since early 2010. Direct government subsidies for acquisition and renovation provided support to young people and low-income households, but they had a limited impact in a rather illiquid market where prices tended to increase. With support from the Recovery and Resilience Facility, a comprehensive housing strategy is being prepared by the Ministry of Social Cohesion and Family, which has been responsible for housing policy since 2023. Implementation of the national housing strategy will, for the first time, require resources and coordinated efforts at national and local level, while improved inter-ministerial coordination will be a key milestone in such a process.

Housing market developments

House prices have been increasing at a fast rate since 2021 in an illiquid market. The Greek sovereign debt crisis triggered a prolonged downturn of the housing market. Following a peak of 11% of GDP in 2007, residential construction dropped to 0.6% of GDP by 2017, while property prices fell by nearly 40% between 2009 and 2017. House prices started to pick up in 2018 with the economy's gradual recovery, and grew by 13.9% in 2023. The growth rate has moderated since then, still remaining high, averaging at 7.8% in 2025, and showing signs of overvaluation, of around 18% in 2025 (based on the standard European Commission methodology). In the meantime, the housing market has remained illiquid; the number of transactions per year has been below 0.5% of the total stock, well below the EU average of 2.7% ([312]). Regional differences are substantial: urban areas and regions with strong tourism and short-term rental activity have experienced larger price increases. As household income growth has lagged behind price increases, the house-price-to-income ratio has increased rapidly since 2021 (Graph A16.1), pointing to deteriorating affordability. Rental prices (including existing and new rental contracts) have also accelerated in recent years, and grew by 10.0% in 2025, increasing rental affordability pressures.

Graph A16.1: **House prices, rents and price-to-income evolution in EL and EU27 since 2005**



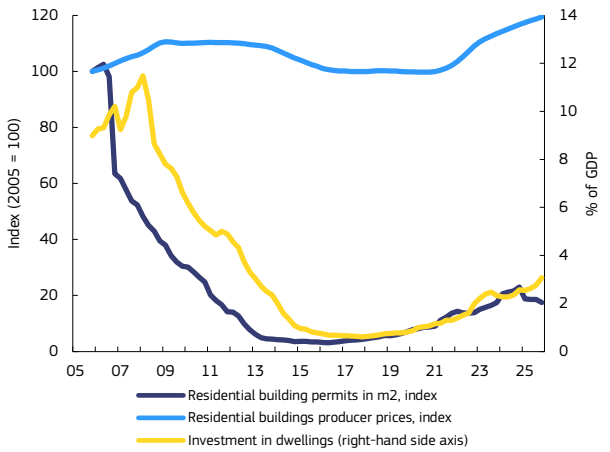
Source: Eurostat

([312])Estimated for EU Member States for which data are available. See Eurostat.

Housing construction has increased, but remains limited. After a protracted period of subdued activity, housing construction has recorded strong growth since 2020, albeit from a very low base. This trend was temporarily broken in the first half of 2025 due to uncertainty around the New Building Regulation ([313]). The number of residential building permits dropped sharply in the first quarter of 2025, but picked up in the second half of the year. Still, the number of permits issued declined by 2.4% in 2025 and reached only 38% of the level recorded in 2007 (Graph A16.2). Dwelling investment increased to 3.1% of GDP in 2025, to a level still well below the EU average (5.0% in 2025). Housing supply is further limited by the large number of houses that are not in use, have become uninhabitable due to lack of investment and do not enter the market. Based on the 2021 census ([314]), 12% of the total housing stock was vacant ([315]) in that year. A large proportion of these properties is located in regions where demand is high. A significant number of vacant houses are tied up in processes related to disputes of heirs or probate and private debt enforcement. Residential buildings are mainly old: out of the 3 million residential buildings in Greece, 1.7 million were built before 1980 and only 36 000 were built in 2015 or later. Furthermore, renovation activity proceeds at a very low pace.

While domestic demand remains buoyant, foreign demand diminished somewhat in 2025. Since 2022, the Greek real estate market has witnessed a surge in demand, driven by a rebound in domestic demand and a robust increase in foreign direct investment. The sector has attracted foreign buyers from the EU, and nationals from non-EU countries, partly incentivised by the golden visa programme ([316]) and the investment opportunities in tourism, particularly in short-term rentals. This may have also contributed to housing market overvaluation. The short-term rental market has increased steadily in Greece across all regions, although mainly in metropolitan areas and tourism hotspots. The number of properties listed increased to 245 000 (3.7% of the 2021 housing stock) in the summer months of 2025, and the bed capacity surpassed hotels. In 2025, foreign demand started to contract due to changes in regulations. Gross mortgage flows have been picking up, but remain contained, with net credit flows turning to a small positive in 2025. Home ownership has declined considerably (by 7.5 percentage points from 2010 to 2024), resulting in an increased demand for long-term rentals. In the meantime, the rental market has remained small relative to other EU countries. Limited affordable rental supply and competition with short-term rentals reduce long-term rental availability.

Graph A16.2: **House supply indicators in EL since 2005**



(1) 4-quarters moving sum (average for prices)
Source: Eurostat

The construction sector is struggling with labour shortages. Productivity in the construction sector has increased rapidly since 2020 ([317]). However, the sector's activity has been constrained by labour shortages since 2022 ([318]). Greece's construction job vacancy rate stood at 4.4% in 2025, well above the EU average (2.8%). This can be attributed to persistent skills mismatches (see Annex 13) as well as workforce departure and migration. Poor job quality (see

([313])In 2024 December, the Council of State declared unconstitutional several provisions of the New Building Regulation. This created months of uncertainty in the permit process, until corrective legislation was published in May 2025.

([314])See ELSTAT.

([315])Vacant houses are not in use (properties serving as secondary residence or vacation homes are not included).

([316])Thanks to the tightening of the requirements, the number of golden visa applications declined substantially from 9 400 in 2024 to 6 600 in 2025 (taking into account one application per family).

([317])Productivity measured as real value added per hours worked in the construction sector has increased by 40% since 2020 (See Eurostat Statistics | Eurostat).

([318])See Eurostat Statistics | Eurostat.

Annex 11) and limited stable career paths reduce the sector's attractiveness. Between 2009 and 2023, there was a sharp decline in the number of young workers entering construction ([319]), with only 3.3% of the Greek construction workforce aged 15-24 in 2023 (compared to 7.9% in EU), threatening future supply and productivity growth. Construction costs have increased rapidly, as reflected by the acceleration of production prices, although the price level is still well below the 2024 EU average ([320]). Both the cost of material and the cost of labour for new residential buildings have increased. Given the apparent housing shortage accumulated in the past, continued strong demand and the limited increase in supply, the housing construction gap is estimated at 110 000 dwellings by 2035 ([321]).

Structural policies

Structural policies relating to housing are mainly designed and implemented by the national government. The Ministry of Social Cohesion and Family is responsible for the housing strategy. An inter-ministerial committee was set up in 2025 to coordinate governmental interventions. The powers of regions and cities are limited to implementing actions. Other powers related to housing, such as spatial and urban planning, have also been centralised in recent years.

Housing policy is primarily supporting housing demand through EU funds. The Recovery and Resilience Fund has supported low- to medium- income young people (up to the age of 39) to buy their primary residence (9 000 applications approved), and has subsequently extended support to older people (up to the age of 50 years, 11 400 applications approved). In addition, target benefits are allocated to students for accommodation (42 000 application approved) and to low- and medium-income people for renting (almost 900 000 applications approved).

Fiscal incentives are in place to encourage housing demand and supply. Revenue income tax exemptions are provided for owners of new units that place their property on the rental market. VAT exemption is also applied on new construction. The government recently announced other tax measures with the same objective: a 50% reduction of the recurrent property tax (ENFIA) for primary residences in villages with less than 1 500 inhabitants (full exemption as of 2027), and an income tax reduction for freelancers operating in villages outside Attica to incentivise living outside the main urban areas.

Provision of social housing stopped during the financial crisis, and has not yet been reestablished. Following the abolition of the public institution in charge of social housing for public workers in the early 2010s, there is no dedicated structure for the provision of social housing or any dedicated financial mechanism for developing and maintaining social housing stock. Pilot actions in the municipalities of Athens and Thessaloniki are currently being implemented on a very small scale.

The preparation of a housing strategy has started and its implementation will require continued efforts and resources in the coming years. The Ministry of Social Cohesion and Family was set up in June 2023, with responsibility for homelessness, housing assistance and affordable housing. The Ministry is working on setting out a national housing strategy with support from the Recovery and Resilience Facility. The strategy will build on ongoing policy actions and the set-up and implementation of framework conditions, such as setting up implementing bodies for social housing provision, housing data analysis and policy development, and cooperation with local governments. However, a comprehensive legislative framework for social housing is also required to support investments in affordable energy-efficient housing and social housing for vulnerable households. This overarching strategic framework needs to be followed up and delivered in a coordinated manner to address housing-related challenges across Greece.

The registration of new short-term rental accommodation in metropolitan areas has been frozen. The government decided to freeze the registration of new establishments in the central districts of Athens for 2025. This decision

([319])Trends, challenges and prospects of Construction in Greece, 2025.

([320])See Eurostat [prc_ppp_ind_1] dataset.

([321])Balouktsi et al. (2026) Housing investment needs in the EU. JRC Technical Report 144419

was then extended to other districts of Athens and Thessaloniki and prolonged to 2026.

Regeneration and renovation of the housing stock proceed at a low pace. Support to renovation was provided through the Recovery and Resilience Facility, by subsidising lending for renovation and subsequent renting of private households (3 900 applications approved). New policy initiatives were announced at the end of 2025 to renovate unoccupied dwellings and bring them back to the market.

Reform of building regulation has been announced to reduce uncertainty and simplify and speed up procedures. According to the Greek Ministry of Environment, for 23% of urban planning authorities, the average time required to issue a building permit exceeds three months, while there have even been cases where this time has exceeded five years. The complexity of the process for issuing building permits, which varies by region, led to the announcement in November 2025 of the reestablishment of building services and their integration into the Greek Land Registry The New Building Regulation is planned for adoption in Q1-2026.

Vulnerable groups

Structural factors such as limited social housing, market imbalances and tourism pressures compound affordability issues. In 2024, Greeks spent on average 35.5% of the available household income on housing costs (vs 19.2% in EU) and a substantial 28.9% of the population lived in households where housing costs exceeded 40% of the household's disposable income, more than three times the EU average (8.2%)([322]). Greece has the highest share in the EU of people living in households that fall behind on mortgage, rent or utility bills, at 42.8%, far exceeding the EU average of 9.2%, while a third of the Greek population (32%) are unable to pay utility bills (heating, electricity, gas, water, etc.) on time (vs 6.9% in the EU). This results in high rates of energy poverty, with 19% of the population unable to keep their homes adequately warm (vs 9.2% in the EU). Housing burden disproportionately affects tenants and homeowners with mortgages, as 20.9% of owners with loans and 37.4% of market-rate tenants face housing cost overburden, far above the EU averages of 5% and 19.2%, respectively. Single households and single-parent households have higher risks, with around two thirds of them (65.1% and 65.8%, respectively) experiencing housing cost overburden, while the corresponding share among households with two or more adult members is considerably lower (below 25%). Among low-income households (below 60% of median equivalised income), the burden is even more acute, as on average 62.8% of their income is spent on housing (vs 26.9% in the EU), while 9 out of 10 (88.9%) people at risk of poverty face housing cost overburden. In addition, overcrowding remains high at 27% (vs 16.9% in the EU).

Regional disparities in housing availability and costs persist, with Central Macedonia, Peloponnese and Eastern Macedonia-Thrace most severely affected by housing cost overburden rates. Although rural areas faced lower housing cost overburden rates in the past, in 2024 housing cost overburden affected cities (30.1%), towns and suburbs (30.3%), and rural areas (29.0%) to around the same degree. In addition, cities in Greece face increased severe housing deprivation rates compared to towns and rural areas. Regarding energy poverty, the share of people unable to keep their homes adequately warm was higher in southern Greece (Western Greece, Peloponnese, South Aegean) and the Ionian islands. Government policy has recently become more active, mixing targeted support with supply incentives, tax breaks and regulatory shifts, but significant gaps remain in long-term affordability and access, particularly in urban and island areas and for vulnerable groups.

Seasonal and critical workers struggle to secure affordable housing, leading to staff shortages and weakening essential services at local level. Finding reasonably priced housing in the place of their assignment is difficult for employees working in sectors crucial to the functioning and maintenance of key services, such as healthcare, education and care, civil protection and public administration. Housing shortages and high rental prices affect major university cities, putting financial strains on students and their families and forcing many students to delay or

([322])The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

Graph A16.3: **Housing affordability selected indicators**

		EU27				EL							
	unit	2000-25 avg.	2023	2024	2025	2000-25 avg.	2023	2024	2025	unit	2023	2024	2025
House price to income ratio	*2000-25 avg = 100*	100.0	102.0	100.2		100.0	102.8	107.7		YoY%	4.9	4.8	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	81.5	82.2	85.9	YoY%	-3.5	0.9	4.5
Overburden rate, total	%	9.9	8.8	8.2		31.1	28.5	28.9	26.4	PPS/y	1.8	0.4	-2.5
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		60.7	40.5	37.4	26.0	PPS/y	2.6	-3.1	-11.4
Overvaluation gap	%					1.8	11.3	16.3	17.6				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	97.6	88.1	88.0	87.4	YoY%	-0.1	-0.1	-0.5
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	315.2	256.0	341.8	265.7	YoY%	23.1	33.5	-22.3
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	4.7	2.3	2.6	3.1	YoY%	15.0	13.0	19.2
Share of ownership	%	70.0	69.1	68.4		74.1	69.6	69.7	69.4	PPS/y	-4.4	0.1	-0.4
Share of people living in overcrowded homes	%	17.7	16.8	16.9		28.0	26.9	27.0	28.3	PPS/y	-1.1	0.1	1.3

Source: Eurostat and European Commission calculations. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

abandon their university plans. Young Greeks (aged 20-29) face disproportionate burdens in the housing market (31.1% in 2024 vs 11% in the EU), contributing to delayed household formation and long-term dependence on family support. High housing costs are therefore linked to broader social strains: access to essential services, intergenerational inequality and geographic imbalances.

A five-year national action plan (2023-2027) has been adopted incorporating several measures for the prevention and treatment of homelessness. In 2023, Greece counted 1 387 individuals experiencing homelessness, representing about 0.01% of the population in official emergency accommodation and shelters. 78% were men and 22% were women. To support homeless persons and people at risk of homelessness, the government is implementing the 'Housing and Work for the Homeless' scheme, combining subsidised housing with social and employment support. In addition, the 'Kalypsi' programme offers three years of free, quality housing to vulnerable groups, such as beneficiaries of the guaranteed minimum wage, large families and single-parent households without a primary residence. The European Social Fund Plus supports the operation of 31 day care centres and shelters for the homeless with a total capacity of 1 070 beds across Greece, to address their basic needs and provide counselling, housing support and labour market reintegration services.

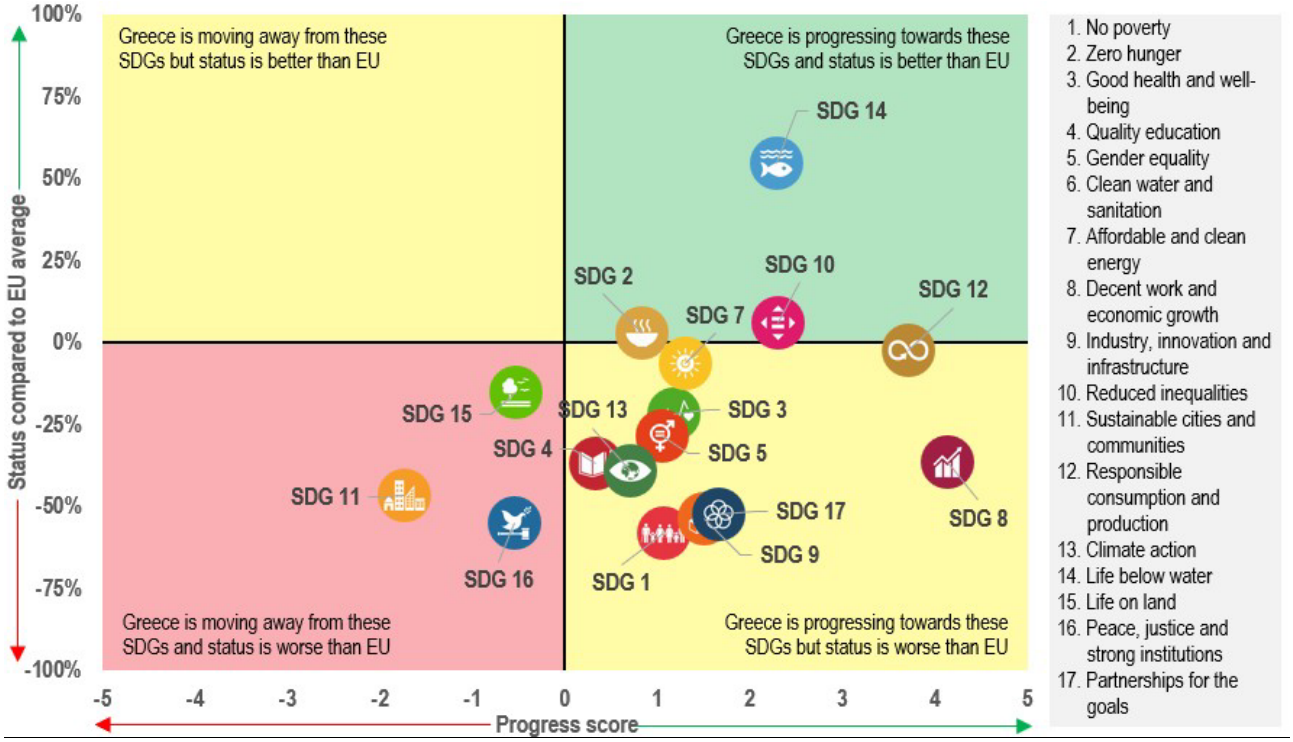
Housing for vulnerable groups and marginalised communities remains poor, segregated and insecure. The population of Roma people is estimated at around 116 090 (1.11% of the Greek population) ([323]), most of them living in settlements with limited basic and often insufficient infrastructure. A significant share of non-EU citizens in Greece live in overcrowded conditions (43.8% vs 33% in the EU) and report high housing cost overburden (38% vs 16.3% in the EU), experiencing higher levels of vulnerability than the general population. In addition, one in three (33%) households with persons with disabilities in Greece spent more than 40% of their income on housing costs in 2024, a share more than three times the EU average (10.4%). Several strategic frameworks are in place (see Annex 14) recognising housing as a priority area for the social integration of vulnerable groups and promoting measures to improve access to adequate housing, but implementation remains slow and fragmented.

([323]) Final draft records for Roma, General Secretariat for Social Solidarity and Combating Poverty, 2025.

This annex assesses Greece's progress on the sustainable development goals (SDGs) along the dimensions of competitiveness, sustainability, social fairness and macroeconomic stability. The 17 SDGs and their related indicators provide a policy framework under the UN's 2030 Agenda for Sustainable Development. The aim is to end all forms of poverty, fight inequalities and tackle climate change and the environmental crisis, while ensuring that no one is left behind. The EU and its Member States are committed to this historic global framework agreement and to playing an active role in maximising progress on the SDGs. The graph below is based on the EU SDG indicator set developed to monitor progress on the SDGs in the EU.

Greece is improving on SDGs related to *competitiveness* (SDGs 4, 8, 9), although it needs to catch up with the EU average on all of them. Greece's performance on education and innovation (SDGs 4 and 9) is mixed, with better-than-EU-average results in 2025 in early school leaving (3% vs 9.1%), but worse than EU average in tertiary educational attainment (42.8% vs 44.8%). Further, significant challenges persist with regard to basic skills of 15-year-olds (2022 data, see Annex 13), adult learning participation (5.2% vs 13.7%), R&D spending (1.54% of GDP vs 2.24%) and the percentage of households with a high-speed internet connection (46.1% vs 82.5%). Moreover, according to 2025 data, adults face a persisting gap on basic digital skills (51% vs 60.4% EU average). Decent work and economic growth indicators (SDG 8) continue to improve but remain worse than in other Member States in 2025. This is reflected in the low employment rate (71%, vs 76.1% EU average), the falling, but still high percentage of long-term unemployed (5%, vs 1.9% EU average), and the high percentage of young people not in employment, education or training (13.5%, vs 11% EU average). With support from the EU Recovery and Resilience Facility, Greece is expected to upskill a large part of its workforce, modernise its public employment services and upgrade its university education and

Graph A17.1: **Progress towards the SDGs in Greece**



For detailed datasets on the various SDGs, see the annual Eurostat report 'Sustainable development in the European Union'; for details on extensive country-specific data on the short-term progress of Member States: Key findings – Sustainable development indicators - Eurostat (europa.eu). A high status does not mean that a country is close to reaching a specific SDG, but signals that it is doing better than the EU on average. The progress score is an absolute measure based on the indicator trends over the past five years. The calculation does not take into account any target values, as most EU policy targets are only valid for the aggregate EU level. Depending on data availability for each goal, not all 17 SDGs are shown for each country.
Source: Eurostat, latest update of 28 April 2025. Data refer mainly to the period 2018-2023 or 2019-2024. Data on SDGs may vary across the report and its annexes due to different cut-off dates.

research system.

While Greece is improving on most SDGs related to *sustainability* (SDGs 2, 7, 9, 12, 13, 14), it is moving away from others (SDGs 11, 15), and needs to catch up with the EU average on almost all of them. Greece's progress towards SDGs 12 and 13 (Responsible consumption and production and Climate action) between 2019 and 2024 is mixed. Greece's net greenhouse gas emissions per capita fell by 14.3% though slightly above the EU average, while energy productivity increased by 16.2%. Plus, in 2024, the percentage of renewable energy in gross final energy consumption in Greece was slightly higher than the EU average (25.4% vs 25.2%). Less positive is waste generation and management, where only 5.2% of materials were recycled and fed back into the economy for domestic use in 2024, against an EU average of 12.2%. Despite substantial improvement, access to affordable and clean energy (SDG 7) remains challenging in some respects. In particular, in 2024, 19% of Greece's population was unable to keep their homes adequately warm (vs EU average of 9.2%). At the same time, energy import dependency was significantly higher than for EU peers, with 77.7% of imports in gross available energy (vs 57.3% EU average). Further, Greece is moving away from SDG 11 (Sustainable cities and communities), as 6.9% of Greece's population was faced with severe housing deprivation in 2023 (against 5.9% in 2018 and 4% EU average in 2023). On SDG 14 (Life below water), Greece performs relatively well, with 20.1% of its territorial waters designated as marine protected areas in 2023 (vs 13.7% EU average) and 97% of coastal bathing waters with excellent quality in 2024 (88.8% at EU level). The EU Recovery and Resilience Facility is supporting a series of measures to promote environmental sustainability and the fight against energy poverty, including through investments in renewable energy sources, sustainable means of transport and energy efficiency infrastructures.

While Greece is improving on SDGs related to *social fairness* (SDGs 1, 3, 4, 5, 7, 8, 10), it needs to catch up with the EU average on nearly all of them. On SDGs 1 and 3 (No poverty and Good health and well-being), despite some improvements, Greece underperformed against the EU average in 2024 across several domains: 26.9% of the population was at risk of poverty and social exclusion (vs 21%); 14% was materially and socially deprived (vs 6.4%); 28.9% of Greece's population was overburdened with housing costs (vs 8.2% for EU peers); 12.1% of the population aged 16 or over reported unmet needs for medical care (vs 2.5%). Further, while more people reported being healthy in 2024 than their EU counterparts (78.3% vs 68.5%), Greece's total antibiotic consumption in 2024 was 47.3% higher than the EU average. In 2023, 36% of Greece's population aged 15 or over were smokers, against the EU average of 24% (see Annex 15). Greece continues to improve on certain aspects of equality (SDGs 5 and 10), but these remain less positive overall than in the EU as a whole (especially on gender equality). In 2025, the employment rate of women was 17.4 percentage points lower than that of men (against 9.6 pp. in the EU), while women held only 29.8% of senior management positions and 23.9% of political positions (against 33.6% and 33.6% respectively in the EU). Moreover, in 2025, the overall attainment of women in tertiary education was 15.5 percentage points lower than that of men, against a gap of 11.3 in percentage points at EU level. On territorial inequalities, people in rural areas in Greece still face a disproportionally higher risk of poverty or social inclusion than those living in cities than the EU average (9.3 percentage points difference in 2024, whereas no gap was recorded at EU level). When adjusted for purchasing power, GDP per capita in Greece was just 68.5% of the EU average in 2025. Up until 2026, the EU Recovery and Resilience Facility will support a wide range of measures to promote employment, including among women, the long-term unemployed and people with disabilities, and upgrade the national healthcare system.

With the exception of SDG 16, Greece is improving on SDGs related to *macroeconomic stability* (SDGs 8 and 17), although it needs to catch up with the EU average on all of them. Greece continues to underperform in terms of real GDP per capita in 2025 (SDG 8), which corresponded to 56.9% of the EU average. At the same time, 10.7% of the working population was at risk of poverty in 2024, against 8.2% in the EU. Further, despite improvements, the investment gap persists: 16% of GDP in 2024 vs 21.7% in the EU. On SDG 16 (Peace, justice and strong institutions), Greece is moving away from the goal, as evidenced by the lower score in the Corruption Perceptions Index in 2025 (50 vs 62 EU average), the reduced share of the population perceiving the justice system as independent in 2025 (38% vs

54% EU average) and the higher share of the population reporting crime, violence or vandalism in their area in 2023 (20.9% vs 10% EU average). The EU Recovery and Resilience Facility is expected to help bridge a large part of Greece's investment gap and is supporting broad-based structural reforms, including in the areas of justice, public administration and the business environment, which are expected to improve the functioning of the economy at large.

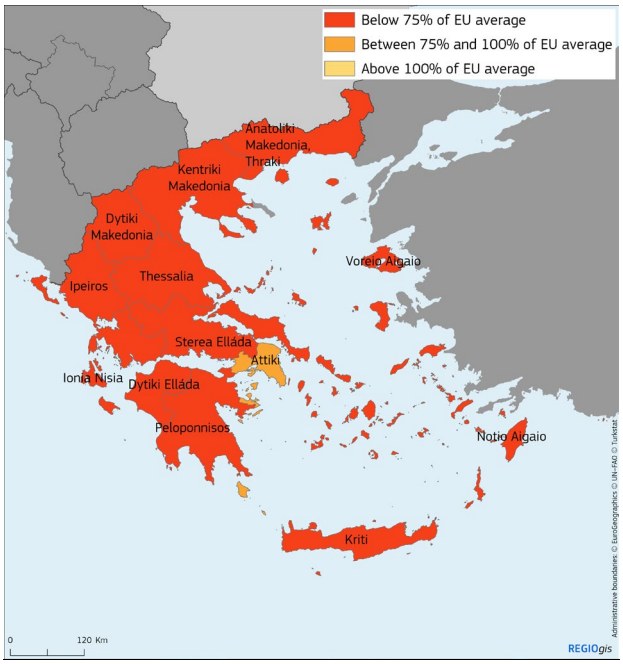
As the SDGs form an overarching framework, any links to relevant SDGs are either explained or depicted with icons in the other annexes.

Regional development trends

Despite Greece's post-COVID-19 economic recovery in terms of GDP per head, significant divergence with the EU average persists and regional disparities remain. Notwithstanding strong real GDP per head growth compared with 2014 (see Table A18.1), the gap between the Greek regions and the EU average in terms of GDP per head in Purchasing Power Standards (PPS) remains significant, with most regions (8 out of 13) still below the EU average of 60%. The economic and financial crisis that began in 2008 led to a significant divergence in all the Greek regions compared with the rest of the EU. Over the last two decades, this has not been a smooth trajectory: a strong rebound until 2008, a sharp downturn during the economic crisis in the 2010s, and a partial recovery post-2020. From 2014 onwards, this divergence trend either stopped or stabilised in most of the Greek regions. Over the last decade however, there are varying regional dynamics, with some regions such as Kentriki Makedonia, Sterea Ellada or the capital region displaying slight convergence with the EU while other regions continued to further diverge such as Dytiki Makedonia or the island regions Voreio Aigaio and Notio Aigaio. Based on available data, all the Greek regions are categorised as less developed, apart from Attiki, which fulfils the criteria to qualify as a transition region (see Map A18.1).

The capital region Attiki leads Greece's economy concentrating higher Gross Value Added sectors, while other regions mostly rely on lower-productivity sectors. Attiki accounted for around 50% of Greek GDP in 2024, with GDP per head (in PPS) at 96% of the EU average (still far below the 124% of 2004). However, regions such as Ipeiros and Anatoliki Makedonia-Thraki are considerably lagging behind the EU average in terms of GDP per head (in PPS) at around 45% by 2024. Expressed in GDP per hour worked, regional labour productivity rates remain at 55% of the EU average, while in the long run real productivity (annual growth rates) remained unchanged. In 2024, Attiki demonstrated the higher productivity (70% of the EU average) while Ipeiros and Voreio Aigaio ranked among the EU regions with the lowest productivity levels, below 40% (see Table A18.1). Geographic constraints - especially the isolation of islands and mountainous regions - raise transportation costs and limit market access, while uneven human-capital distribution and demographic decline further widen gaps, as skilled workers cluster in urban centres.

Map A18.1: **GDP per head compared with the EU average**



2021-2023 average GDP per head in purchasing power standard compared to the EU average.
Source: Commission calculations based on Eurostat 16 July 2025 data.

Lower productivity is driven by the sectoral specialisation ([324]) of the Greek regions. Resource-based regions (Peloponnisos, Dytiki Ellada, Dytiki Makedonia, Thessalia, Ipeiros, Kriti), where in 2024 more than 15% of workforce was employed in agriculture, combine agricultural production with downstream processing, forming locally integrated ecosystems. Manufacturing activities ([325]) are concentrated in Kentriki Makedonia, Attiki, Sterea Ellada, and Anatoliki Makedonia-Thraki. However, environmental and circular economy activities are also emerging in several non-manufacturing regions, including Ipeiros, Dytiki Ellada, Thessalia and Notio Aigaio.

([324])Source: European Commission analysis, based on Eurostat data (NACE, number of businesses, turnover, number of employees).

([325])Manufacturing regions specialise in basic metals, coke and other non-metallic minerals, chemicals, pharmaceuticals, rubber and plastics, machinery, electronics, and textiles.

Table A18.1:**Key regional indicators (at NUTS2 level) for Greece**

	GDP per head (PPS, index)	Population growth	Real GDP per head growth	Productivity: GDP (PPS) per hour worked (index)	Change in working age population (20-64)	Population aged 25-34 with high educational attainment	Employment in knowledge-intensive services	At-risk-of-poverty or social exclusion rate (AROPE)	Energy poverty	R&D expenditure	Access to healthcare - Rural areas
	EU27=100	Average annual change per 1000 residents	Average annual % change	EU27=100	Average annual % change	% of population aged 25-34	% of total employment	% of population	% of total population	% of GDP	Population within 10 minutes by car from nearest hospital (%)
	2024	2015-2024	2014-2024	2024	2016-2025	2025	2025	2025	2025	2023	2023
EU	100	1.8	1.4	100.0	-2.6	44.8	41.7	21.0	9.2	2.24	29.9
Greece	69	-4.2	1.9	54.9	-7.0	42.8	38.7	27.5	18.1	1.54	13.0
Attiki	96	-2.8	2.0	69.5	-6.5	51.1	50.1	23.6	17.4	1.75	48.7
Voreio Aigaio	42	9.4	0.2	39.2	11.3	19.1	35.0	27.9	14.2	1.06	6.9
Notio Aigaio	70	-0.4	1.0	47.3	-3.8	26.6	25.5	27.5	21.1	0.24	6.7
Kriti	60	-1.1	1.8	42.6	-3.4	36.5	29.6	18.2	12.3	1.66	9.2
Anatoliki Makedonia, Thraki	45	-4.8	1.5	41.8	-4.9	42.5	33.9	31.6	15.0	1.16	8.8
Kentriki Makedonia	55	-5.5	2.4	48.7	-7.2	44.3	34.7	33.0	22.1	1.51	13.9
Dytiki Makedonia	48	-11.9	-2.6	49.3	-15.4	47.0	37.0	29.5	15.8	0.98	8.5
Ipeiros	45	-3.0	1.3	39.6	-7.3	47.0	35.1	25.3	12.2	1.81	9.8
Thessalia	53	-7.0	2.2	45.8	-9.8	37.9	34.4	30.5	10.8	1.13	6.7
Ionia Nisia	63	-5.4	1.6	45.4	-10.2	32.0	21.5	35.7	25.8	0.37	12.7
Dytiki Elláda	49	-6.2	1.3	41.0	-8.7	26.7	30.1	27.9	30.4	1.56	12.0
Sterea Elláda	60	-6.6	2.4	52.2	-9.7	33.2	27.3	27.4	11.3	1.07	13.1
Peloponnisos	57	-8.2	2.0	46.0	-12.1	41.7	27.4	38.1	21.2	1.13	17.3

Dark green - the indicator is 120% or more of the EU average.
Light Green - the indicator is 100% or more, but less than 120% of the EU average.
Yellow - the indicator is 90% or more, but less than 100% of the EU average.
Light red – the indicator is 75% or more, but less than 90% of the EU average.
Dark red – the indicator is below 75% of the EU average.
This colour scale applies to 'positive' indicators, where higher values are favourable.
For 'negative' indicators (where higher values are unfavourable), the colours are reversed.
Source: Eurostat and JRC

This reflects a broader shift towards sustainability and waste recovery across different regional production models. Certain niche sectors — such as ceramics, porcelain, jewellery and traditional crafts — remain geographically concentrated and linked to local cultural heritage and specialised know-how. Island and coastal regions, such as Notio Aigaio, Ionia Nisia and Voreio Aigaio show strong specialisation in blue-economy, tourism and hospitality. At regional level, blue economy activities represent a significant share of employment and value added, but it reinforces seasonal labour patterns.

Key challenges for regional competitiveness

High concentration of research investment in Attiki and Kriti drives the uneven regional innovation capacity. Attiki and Kriti are classified as Moderate Innovators ([326]), while most Greek regions remain emerging innovators, reflecting lower R&D intensity, weaker digital uptake and limited knowledge diffusion. Although the innovation performance has improved for all regions since 2018, the pace of internal convergence remains limited. In 2023, Notio Aigaio (0.24%), Ionia Nisia (0.37%) and Dytiki Makedonia (0.98%) recorded among the lowest levels of R&D expenditure as a share of GDP in the EU, highlighting structural weaknesses in regional research capacity and uneven territorial development (see Annex 4). At the same time, the presence of around 150 university spin-offs across several regions — with a notable concentration in Thessaloniki and Northern Greece — points to the growing regional dimension of the innovation ecosystem ([327]). However, regional differences in

([326]) Regional Innovation Scoreboard 2025 - Regional profile Greece.

([327]) General Secretariat for Research and Technology (ΓΓΕΤ). Data on spin-offs derived from researchers and research

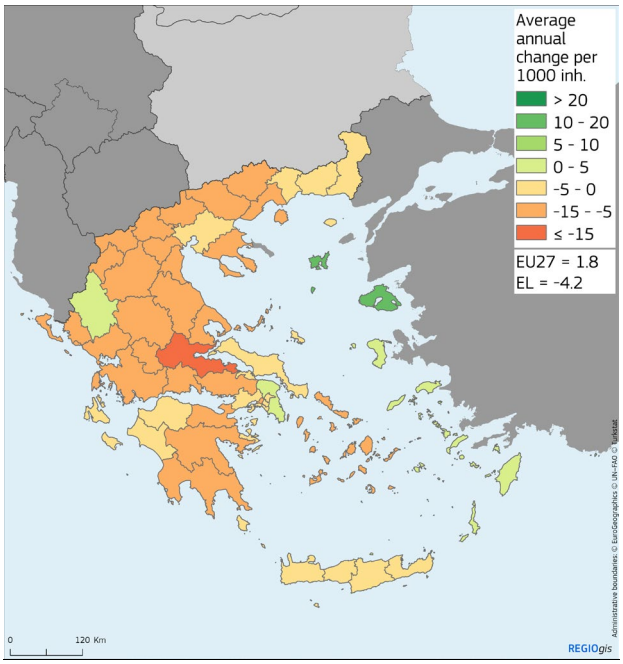
intellectual property (IP) management frameworks across universities continue to limit spin-off creation and development at regional level.

Innovation-related gaps translate into less competitive regions outside capital city. Regions outside Attiki face greater difficulties in scaling up firms, integrating into EU value chains and commercialising innovation, particularly in services-dominated and tourism-dependent economies. Administrative complexity, uneven access to skills and connectivity, and limited business R&D investment continue to weigh on regional productivity growth. Strengthening regional productivity and SME competitiveness could focus on improving productivity in underperforming sectors and supporting industrial diversification based on regional ecosystem strengths and innovation potential. Investment in R&D, innovation ecosystems and ultra-fast broadband could facilitate innovation diffusion and support the green and digital transition, including energy-intensive industry transformation and net-zero technologies.

Regional research and innovation strategies for smart specialisation (RIS3) guide investment priorities across the 13 Greek regions, but regions with stronger research–industry links and innovation ecosystems tend to advance more rapidly in their implementation. Priority domains reflect regional economic structures ([328]). However, greater alignment between smart specialisation strategies, industrial policy, skills systems and research capacity could further strengthen regional innovation ecosystems, while continued implementation of spatial planning reforms, including Local and Special Urban Plans, may help improve the framework conditions for business development and investment.

Dytiki Makedonia, Ipeiros, Peloponnisos, Sterea Ellada and Thessalia face significant demographic decline. This is marked by population ageing, relatively low fertility rates, and outmigration, particularly in rural areas, mid-sized mainland municipalities and mountainous areas (see Map A18.2)**.** Regional competitiveness is hindered by labour and skills shortages in agriculture, manufacturing, and services, while declining working-age populations combined with elevated levels of youth unemployment reduce productivity and hinder investment. These trends undermine, exacerbate territorial disparities, and constrain the capacity for sustainable and inclusive growth.

Map A18.2: **Average annual population change at NUTS3 level (2015-2024)**



Source: Eurostat and JRC

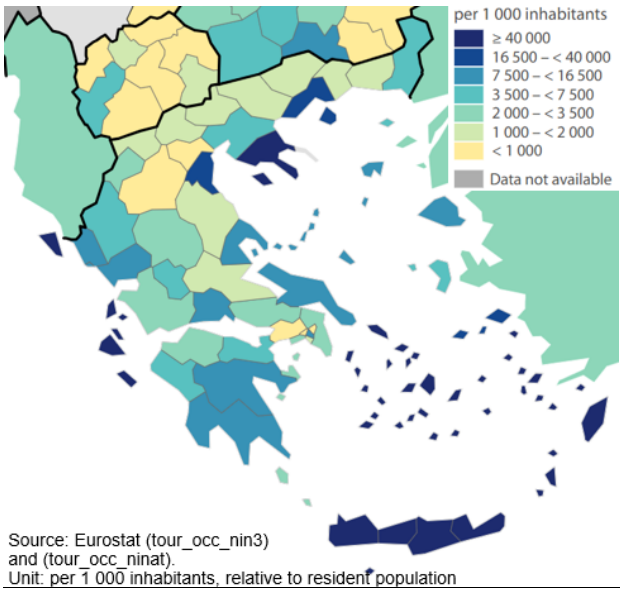
Uneven distribution of human capital may hinder growth potential outside the Attiki region. While Greece has one of the lowest rates of early leavers from education and training in the EU, geographical imbalances are prevalent as in certain regions, such as Peloponnisos and Anatoliki Makedonia, Thraki, early school leaving is up to four times higher than in the most populated region of Attiki. On tertiary educational attainment, while Greece stood close the EU average in the 25-34 age range in 2025, there was a gap of around 25 pp. between the leading Attiki (51%) Dytiki Makedonia and Ipeiros regions (both 47%) and the worst performers Voreio Aigaio, Notio Aigaio and Dytiki Ellada (19%, 26.6% and 26.7%, respectively).

organizations participating in projects under the PRAXE programme.

([328])Priority domains cover: agri-food and bioeconomy in agricultural regions such as Peloponnisos, Thessalia and Dytiki Ellada; manufacturing and advanced materials in industrial regions such as Kentriki Makedonia and Sterea Ellada; and tourism innovation and the blue economy in island and coastal regions including Notio Aigaio, Ionia Nisia and Kriti.

Employment opportunities and access to education and training tend to drive regional disparities in the unemployment rate and gender employment gap. Unemployment rates vary significantly across regions, with the highest rates observed in 2025 in northern regions (12% in Kentriki Makedonia, 15% in Dytiki Makedonia and 11% in Anatoliki Makedonia-Thraki). Likewise, regional disparities in gender employment gap are prevalent, in regions such as Sterea Ellada and Thessalia showing an increasing gender employment gap, while the gap is gradually closing in Attiki and Ipeiros. The gap remains prominent in rural areas and keeps growing to 25pp, the second highest in the EU. Several structural factors underpin these challenges (i) sectoral concentration in male-dominated activities; (ii) high seasonality in tourism-driven coastal regions; (ii) skills mismatches and low female participation in STEM; (iv) transport and connectivity constraints; (v) demographic ageing and outmigration; (vi) the prevalence of micro and small firms offering limited flexible work arrangements and limited childcare and long-term care infrastructure, particularly in rural and island areas (see Annex 11).

Map A18.3: **Nights spent at tourist accommodation establishments by NUTS 3 region (2023)**



Source: Eurostat (tour_occ_nin3) and (tour_occ_ninat).
Unit: per 1 000 inhabitants, relative to resident population

Source: Commission calculations based on EUROSTAT and JRC (ARDECO) data

Heavy dependence on seasonal tourism in coastal and insular areas has contributed to strong GDP growth but also led to high economic and sectoral concentration (see Map A18.3). Notio Aigaio, Ionia Nisia and Voreio Aigaio face seasonal employment patterns, pressure on housing and infrastructure during peak periods, and exposure to environmental and climate risks such as water scarcity and wildfires. Limited economic diversification and strong dependence on external demand continue to weigh on the resilience of these regional economies, while diversification towards higher value-added activities remains a challenge. In many coastal and island regions, the economic viability of small-scale fleets remains fragile, reflecting limited investment capacity for fleet modernisation, innovation and sustainability investments. Furthermore, generational renewal in fisheries is limited, with an ageing workforce and declining attractiveness of the profession for younger generations, linked to income volatility and pressures from reduced fish stocks (e.g. overfishing of key stocks like anchovy and sardine in the Thermaikos Gulf).

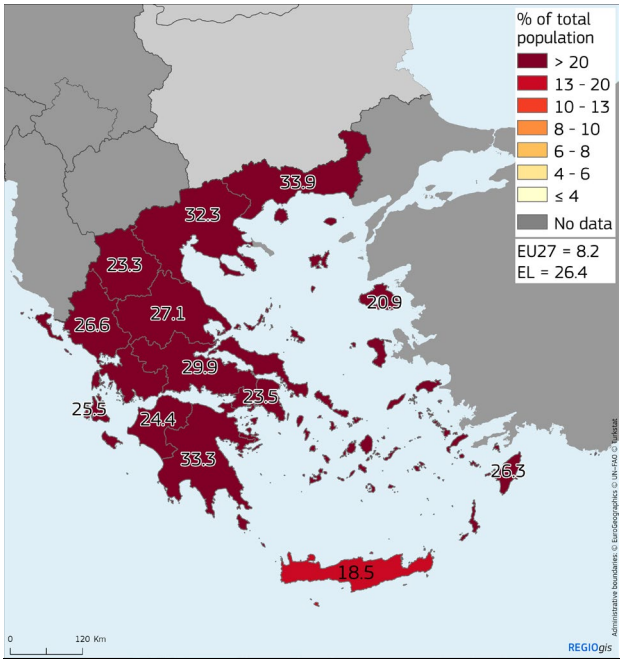
Housing affordability is a pressing issue, with households across Greek regions and cities recording the EU's highest housing cost overburden (26.4%) – a figure that triples for lower-income households (Map A18.4). Despite ongoing efforts to alleviate housing overburden in Greek households, in 2025 the share of affected households remains considerably above national average in Kentriki Makedonia (32.3%), Peloponnisos (33.3%), and Anatoliki Makedonia-Thraki (33.9%). Repurposing of vacant or underutilised public building stock, upgrades in student accommodation (e.g. in Anatoliki Makedonia-Thraki, Dytiki Ellada), social housing at regional and local level are planned and could be expanded further. At the same time, the large stock of vacant housing — many of which secondary homes, located in less dynamic areas, and comparatively fewer in high-demand regions such as Attiki — highlights both structural imbalances and untapped potential (see Annex 16). Strengthening housing supply through urban regeneration, renovation and incentives for long-term rentals, alongside measures addressing energy poverty through residential renovation and renewable energy solutions, could further support housing affordability.

Table A18.2:**Main development trends, challenges and the concentration of resources**

Main development trends	
Less developed regions (population 6.6 million)	Less developed regions in Greece demonstrate productivity gaps compared with the EU average, due to specialisation in low- to medium-productivity sectors such as traditional agriculture, seasonal tourism, small-scale retail, and construction. However, specialisation patterns in regions such as Kentriki Makedonia, Thessalia, Sterea Ellada and Anatoliki Makedonia-Thraki, provide a solid basis for industrial differentiation and catch-up with the EU average, both in terms of productivity and PPS per capita. Regions with high tourism density such as Notio Aigaio, Kriti and Ionia Nisia may benefit from investments in higher added value chains as part of dedicated regional transformation plans.
Transition regions (population 3.8 million)	As the sole transition region, Attiki is Greece's primary growth engine, contributing a significant share of national GDP, employment, and innovation. As Greece's main metropolitan hub, the capital region gathers key assets: advanced infrastructure, skilled human capital, research institutions, financial services, and international connectivity through its ports, airports, and logistics networks. Despite these strengths, Attiki lags behind other European capital regions such as Área Metropolitana de Lisboa (PT), Warszawski stołeczny (PL), Comunidad de Madrid (ES), and Wien (AT) in terms of its competitiveness. Leveraging its existing advantages while promoting diversification toward innovative and high-productivity sectors, supporting intermodal and sustainable urban transport (including metro expansion, e-buses, tram networks, and charging infrastructure), enhancing the circular economy and solid waste management, and addressing rising housing costs would provide a solid foundation for convergence with leading European capitals.
Specific territories	Insular, coastal, and remote regions, such as small and medium islands in Notio Aigaio, Voreio Aigaio and Ionia Nisia, experience dense tourism pressure driven by seasonal demand, limited carrying capacity, and high dependence on tourism-related economic activities. Although tourism is a vital source of income, employment, and regional development, excessive visitors puts significant strain on local infrastructure, housing, natural resources, and public services, particularly during peak periods. Speeding up initiatives to boost insular sustainability - such as the Greco-islands initiative - could boost insular economies and create a solid basis for future resilience. As a key just transition region, Dytiki Makedonia faces challenges linked to the decarbonisation of its regional economy, including demographic decline due to net out-migration and aging population and high unemployment rates.
National cohesion aspects	Interregional connectivity in Greece is largely dependent on road transport and private cars. Private cars are particularly prevalent in Attiki, indicating scope and need for more sustainable mobility. For rail to constitute a sustainable alternative to road transport, interregional connectivity and cross-border connections would benefit from improvement. In addition, Greek regions struggle to efficiently manage their water resources and wastewater outflows, which is reflected in high water leakage rates and non-compliance with the urban wastewater acquis. Water scarcity impacts every sector of the regional economy, making it absolutely essential to strengthen and build resilience in the water sector. Low recycling and high landfill rates highlight the need for regional waste management plans and local separate collection schemes to be properly implemented, as well as investment to encourage behavioural shifts towards recycling.

Source: European Commission based on Eurostat data; categories of regions based on Map A18.1.

Map A18.4: **Housing cost overburden rate at NUTS2 level (2025)**



Source: Commission calculations based on EUROSTAT and JRC (ARDECO) data. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

Social disparities between the Greek regions remain a challenge. Approximately 28% of the Greek population is at risk of poverty or social exclusion, exceeding the EU average of 21%, while marked regional variations exist. In 2025, regions such as Peloponnisos, Ionia Nisia and Kentriki Makedonia, report the highest rates. Energy poverty remains a significant social and economic challenge. Households in Ionia Nisia, Dytiki Ellada, Peloponnisos and Notio Aigaio are struggling to keep their homes warm. 20% of people self-reporting medical needs in 2025 forwent needed care, due to financial reasons, long waiting lists or distance, with the worst outcomes recorded in Dytiki Makedonia (25.5%), Voreio Aigaio (22.5%), Kriti (21.4%) and Sterea Ellada (21.2%). This highlights the need for further investments in health workforce, in primary care and outpatient facilities, including mobile assets, and upgrades in old regional hospitals where relevant (see Annex 15).

Access to digital services is limited in many rural areas and islands. Digital gigabit connectivity remains below the EU average and is highly concentrated in metropolitan regions (Attiki and Kentriki Makedonia) benefiting from a greater very high-capacity network (VHCN) coverage. However, many rural, island, and mountainous regions lag behind, partly due to geographical constraints, dispersed populations and higher infrastructure deployment costs**.** Although national and EU-funded initiatives have contributed to expand the infrastructure deployment and improve basic internet access, gaps persist in very high-capacity network connectivity, reliability, and digital skills. Disparities persist between urban and rural areas in the share of people with above basic digital skills (21.6% vs 13.5% respectively in 2024) (see Annex 13).

Water management is problematic across the Greek regions. This is most notably the case in the Greek islands and Thessalia. The Greek regions face increasing water scarcity driven by prolonged droughts, rising temperatures and growing demand from agriculture and tourism, with particularly acute pressures in the Aegean islands, Kriti, Thessalia and parts of mainland Greece, such as Anatoliki Makedonia-Thraki. In these regions, water abstraction rates are high in relation to the available long-term freshwater resources ([329]). This puts pressure on productive activity and increases Greece's vulnerability to climate shocks, which in turn weighs on regional competitiveness. High water leakage rates, ageing distribution infrastructure and limited wastewater reuse further exacerbate pressures on water resources, highlighting the need for improved water management, resilience and efficiency (see Annex 10).

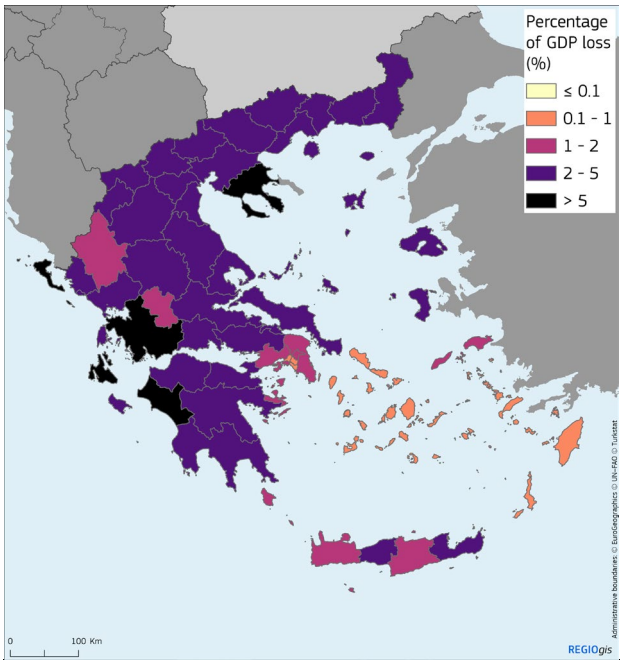
Waste management performance affects resource efficiency and environmental sustainability, most notably Attiki and in the islands. Recycling rates remain low at around 17.4%, while landfilling accounts for 81% of municipal waste, reflecting infrastructure gaps, delays in regional waste management plans and uneven implementation of separate collection systems. Territorial imbalances are also evident. Attiki generates around half of national municipal waste and relies heavily on long-operating landfill sites, while island regions face additional constraints related to limited land availability and strong seasonal tourism pressures. These factors weigh on resource efficiency and limit the development of circular economy activities across regions (see Annex 8).

([329]) EEA, Seasonal water scarcity conditions for European sub units for the four quarters of 2022, as measured by water exploitation index plus (WEI+).

Growing regional asymmetries related to the impacts of climate change, with each region experiencing distinct vulnerabilities that – if unaddressed – could lead to significant economic loss in the long run (see Map A18.5) ([330])**.** Central and northern regions such as Thessalia and Kentriki Makedonia, face increased flood risk due to more intense rainfall, while southern mainland and coastal areas such as Kriti and Notio Aigaio experience prolonged heatwaves and heightened wildfire danger, including coastal erosion, and water scarcity. In particular, regions such as Ionia Nisia, Dytiki Ellada, and Kentriki Makedonia face potential GDP losses exceeding 5% of regional GDP under a +2 °C warming scenario by 2050. Addressing these differentiated climate risks requires a detailed assessment at the regional and local level to guide the prioritisation of targeted mitigation and adaptation investments over the medium to long term, in turn significantly reducing socio-economic losses and enhancing regional resilience (see Annex 10). The blue economy in coastal areas, and aquaculture in particular, also faces environmental and operational challenges, including waste and effluent management pressures in intensive farming areas (e.g. in Kentriki Makedonia) and the spread of invasive species in lagoon systems, affecting both production and biodiversity.

Dytiki Makedonia, the Megalopolis area, and the Greek islands are undergoing a transition away from coal and fossil fuels. Through targeted support aimed at modernising local economies, creating sustainable jobs, and promoting clean energy investments, these regions are working to reduce the socio-economic inequalities caused by decarbonisation while strengthening their resilience. This process aims to ensure that the green transition is socially fair and economically inclusive for the communities most affected.

Map A18.5: **Estimated GDP loss by 2050 due to climate change under the +2°C scenario, NUTS3**



Source: Regional economic climate risks in Europe – Early insights from a spatial growth model, 2025

In medium-sized and smaller cities, public transport systems are often characterised by non-existing or ageing fleets, low service frequency and weak modal integration, increasing reliance on private car ([331]). Mobility patterns remain dominated by road transport and private car use, while rail and interregional links remain underdeveloped. ([332]) Regional disparities in charging infrastructure constrain the uptake of electromobility, with Attiki leading among the Greek regions, yet still having less than half of the EU average ([333]). Persistent gaps in all-year connectivity for some remote islands and the limited electrification of maritime transport, including hybrid vessels and cold ironing systems in ports, further contribute to limited access to markets and services, GHG emissions and environmental pressure ([334]). Improving urban public transport beyond Athens and Thessaloniki, alongside continued investment in rail

([330])https://ec.europa.eu/regional_policy/information-sources/publications/studies/2025/regional-economic-climate-risks-in-europe_en.

([331])OECD (2024), *OECD Economic Surveys: Greece 2024*, OECD Publishing, Paris, https://doi.org/10.1787/a35a56b6-en.

([332])OECD (2020), *Regional Policy for Greece Post-2020*, OECD Territorial Reviews, OECD Publishing, Paris, https://doi.org/10.1787/cedf09a5-en.

([333])Electric vehicles charging points within 10 km in 2022, Eurostat.

([334])IEA (2023), *Greece 2023 Energy Policy Review*.

electrification and regional and intermodal rail links, would support interregional connectivity and low-carbon mobility, while investing in logistics would boost interregional economic activities (see Annex 8).

The effective implementation of public investments is often hampered by the low administrative capacity of beneficiaries at the regional and local level. Beneficiaries may struggle with complex regulatory frameworks, timely project implementation and management of assets and services. This capacity gap leads to significant delays in fund absorption and underutilisation of available resources, which might exacerbate regional disparities. In addition, regional investments are heavily reliant on transfers from the central government budget, indicating limited fiscal collectability and constrained financial autonomy at subnational level ([335]). As a result, regional development strategies often lack a stable, long-term orientation, reducing their effectiveness and raising concerns about the long-term sustainability and strategic impact of regional investments. In this direction, the RRF-funded Local Government Performance Monitoring Hub has developed a comprehensive set of final evaluation indicators for monitoring socio-economic performance of municipalities ([336]).

To address regional inequalities, Greece is planning the rollout of a national strategy for local and regional development, extending to 2035, aiming at bridging the gap with the EU average while reducing internal disparities between regions through bottom-up consultation with over 1,000 local entities and horizontal national policies integrating regional dimensions and territorial particularities. At the project level, all available resources (NSRF, RRF, Public Investment Program) are coordinated in a single platform ([337]).

([335])OECD (2025), *OECD Dashboard on Subnational Government Structure and Finance*, https://www.oecd.org/en/data/dashboards/oecd-dashboard-on-subnational-government-structure-and-finance.html.

([336])https://deiktesota.gov.gr/portal/.

([337])erga.gov.gr.

This Transport Annex presents the state of play, and the challenges Greece is facing with the implementation of the trans-European transport network (TEN-T), the European railway traffic management system (ERTMS), and road safety.

Greece has a strategically important railway network at the south-eastern edge of the EU, forming a gateway between Europe and the Eastern Mediterranean and Black Sea regions. A substantial part of the national rail network is included in the trans-European transport network (TEN-T), underpinning Greece's role as a transit and maritime access country. Two TEN-T corridors cross the country: the Baltic Sea – Black Sea – Aegean Sea (BBA) and the Western Balkans – Eastern Mediterranean (WBEM) European transport corridors, anchoring Greece firmly in north-south and west–east transport flows.

The TEN-T in Greece comprises 3 047 km of rail (1 767 of which are on the core network) and 4 799 km of road (1 760 of which on the core network). Greece has no inland waterways on the TEN-T. It has 38 airports (including three core airports), 41 ports (including six core ports) and 17 urban nodes ([338]).

The north-south axis of the BBA Corridor is of high geopolitical and strategic significance, providing rail connectivity between Aegean ports and Central and Eastern Europe, as well as onward connections towards Ukraine and Moldova. This role has gained increased prominence in the context of regional security and resilience considerations and has been further reinforced through enhanced cooperation between Greece, Bulgaria and Romania.

The ERTMS is essential to digitalising the railways and to modernising and harmonising railway operations across Europe. The ERTMS ensures the safety of rail networks by providing a unified signalling system that significantly reduces the risk of accidents. It also provides interoperability between national rail systems, improving cross-border train movements. Finally, the ERTMS enhances network capacity and operational efficiency, increasing the competitiveness of the rail sector.

To meet its national plan's ERTMS roll-out target by 2035 ([339])**, Greece aims to deploy ERTMS on a length of 1 011 km,** with a full operational concept behind, anchored in mature safety management systems for the infrastructure manager, the railway operators, and a well-established National Safety Authority.

Railway infrastructure projects are often delayed due to lengthy pre-contractual procedures, including prolonged approval of designs, extended public procurement and land expropriation procedures. In addition, projects often face technical implementation issues, for example when works are taking place in urban environments requiring the relocation of public utility networks such as gas and electricity lines, leading to changes in contracts, additional works and costs. A lack of funding and insufficient administrative capacity to manage large-scale infrastructure projects also contribute to implementation delays. Moreover, for Greece, it would be of benefit to continue strengthening the National Safety Authority's operating conditions, as it still faces resource constraints, including delays in planned recruitment, which affect its ability to respond effectively to challenges.

The implementing body for railway projects has modified its procurement strategy to reduce the number of individual procurement procedures on the same railway line and replaced them by joint tendering procedures. This change is aimed at speeding up project implementation and increasing cost efficiency, but it is still too early to conclude on its effectiveness.

([338])TENtec Information System, according to Reg. 2024/1679.

([339])Based on ERTMS – Third work plan of the European coordinator Matthias Ruete.

Table A19.1:**ERTMS deployment in Greece**

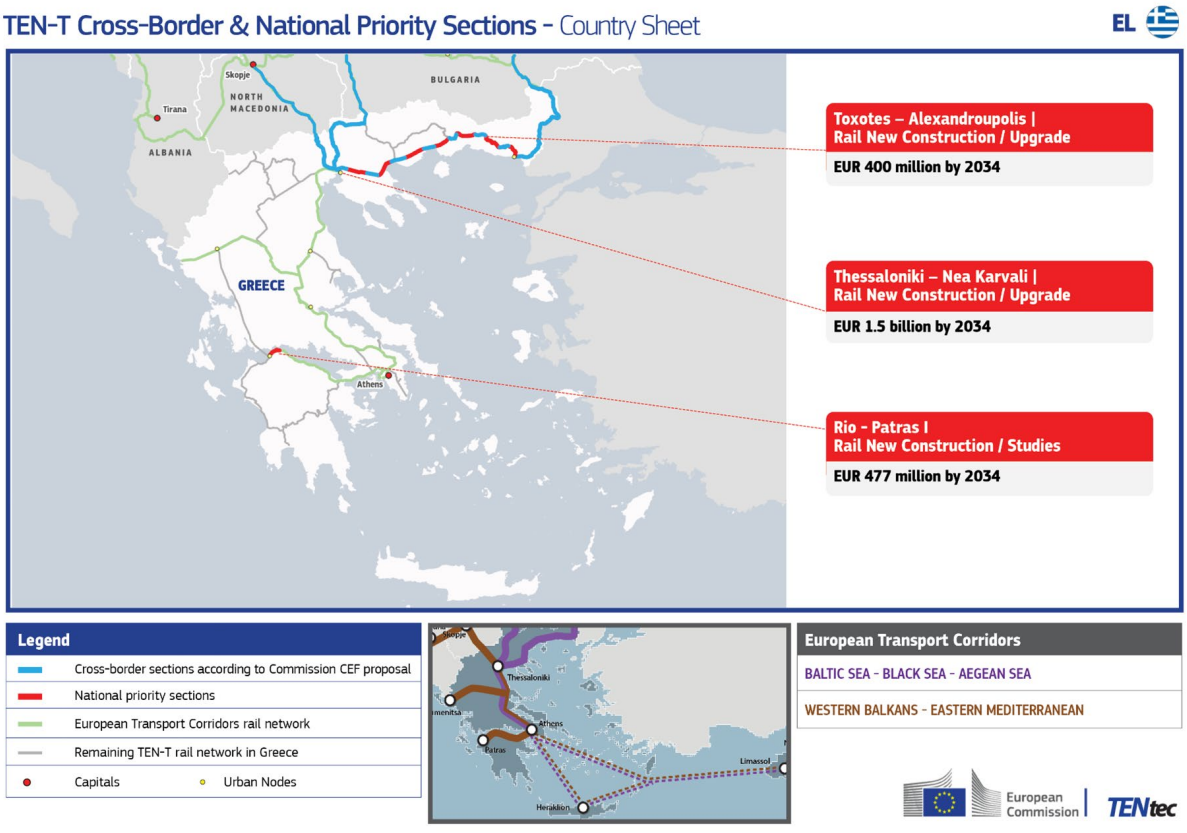
ERTMS in Greece				
TEN-T rail network	ERTMS (trackside) in operation			Min. estimated cost of additional deployment until 2035
	year	length	% of total TEN-T	
3 047 km	end 2024	0 km	0 %	
	by 2035	1 011 km	33 %	EUR 242.6 million

Source: Based on ERTMS – Third work plan of the European Coordinator Matthias Ruete

As yet there is no joint model between Greece, Bulgaria and Romania to operate cross-border trains in line with the rules of the single European railway area. Reducing the list of national rules hampering efficient operations and harmonising technical and operational rules with the minimisation of national rules in line with the EU directives on rail interoperability and safety remains critical to ensure seamless cross-border rail transport. A full review and assessment of all such rules detrimental to the approval and authorisation processes of rail infrastructure, vehicles and the certification process of undertakings is also lacking.

Road crashes impose an enormous social, economic and health burden on the EU economy. The external socio-economic costs of fatal, serious and minor injuries have remained persistently high despite the progress made in reducing crash frequency and severity. These resources could otherwise fuel innovation, education, healthcare and other crucial public investments ([340]).

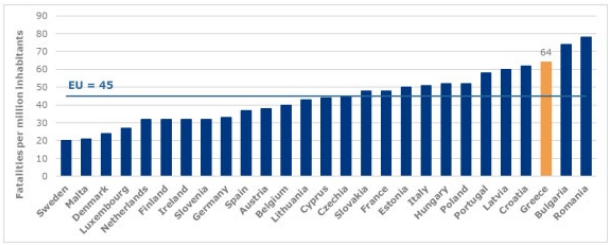
Map A19.1: **TEN-T Cross-Border & National Priority Sections in Greece**



In 2024, Greece had the third highest fatality rate in the EU, with 64 road fatalities per million inhabitants, while the EU average was 45. Compared with the EU average, Greece shows a high proportion of powered two-wheeler fatalities and fatalities on urban roads. Also, speeding is among the main safety issues in Greece, which has resulted in fatalities in single-vehicle crashes at a rate of 41%. Greece has also much lower helmet and seatbelt use rates compared to the EU average. Based on 2019 and 2024 data, a decrease of 3% in road fatalities was recorded.

However, it is noted that in 2025 a significant decrease (21%) in the number of road fatalities was observed during the first 10 months, with Greece recording the second largest reduction in road fatalities among EU Member States in 2025. This improvement could be attributable to Law 5209/2025 (OJ A' 100) which introduced a new, modernised Road Traffic Code (KOK) and strengthened the enforcement of helmet use and drink driving rules, as well as to the contribution of new technologies, such as the use of digital cameras, and improvements to the road network (e.g. Patras–Pyrgos motorway, putting Greece on track to achieve the EU and national target of a 50% fatality reduction by 2030. Key gaps and challenges concern the securing and exploitation of appropriate road safety funds and the efficiency of the authorities in implementing the various identified road safety actions and measures ([341]).

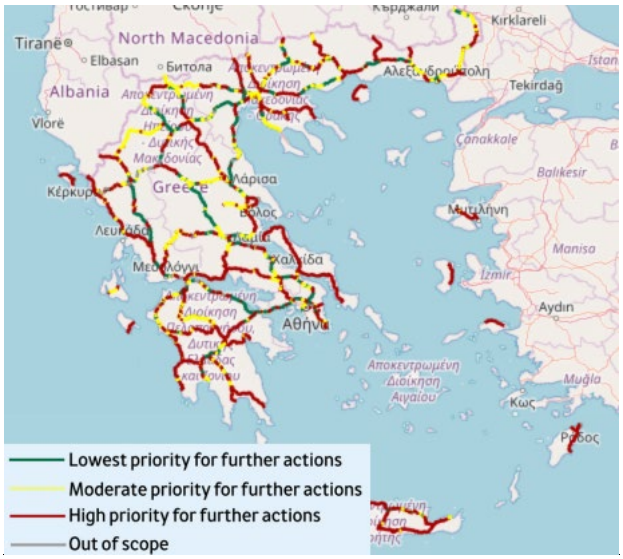
Graph A19.1: **Greece's Road fatalities per million, 2024**



Source: Report at the Mid-Point - Greece, SWD(2026) 44 final.

The map below presents the roads where the safety of the infrastructure is poor and thus where urgent action is required.

Map A19.2: **Greece's road safety map**



Source: TENtec Information System and TEN-T map library – European Commission

([341])More details in Report on the implementation of the EU Road Safety Policy framework at the Mid-Point – Greece, SWD(2026) 44 final.