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## ECONOMIC AND POLITICAL OVERVIEW

### ECONOMIC OVERVIEW

Due to Greece's heavy reliance on tourism and the hospitality industry, the country was among the most severely hit by the Covid-19-induced crisis. However, the Greek economy rebounded strongly and GDP reached its pre-pandemic level already in the second half of 2021. In 2023, the overall growth was estimated at 2.5% (from 5.9% one year earlier – IMF), driven primarily by consumption and net exports, while also being supported by the implementation of the Recovery and Resilience Plan (RRP) and a resilient labour market. As the post-pandemic recovery loses momentum, economic activity is poised to slow down. Nevertheless, it is anticipated that GDP growth will persist above the long-term growth potential throughout the forecast horizon, at 2% this year and 1.4% in 2025 according to the IMF (2.3% and 2.2%, respectively, as per the EU Commission). The pace of private consumption growth is expected to decelerate as pent-up demand diminishes; however, it is anticipated to stay robust due to wage growth.

The estimate for 2023 indicates that the general government deficit was relatively stable, at 1.8% of GDP. This headline balance was influenced by an enhanced primary balance, attributed mainly to the gradual discontinuation of measures aimed at mitigating the economic and social repercussions of elevated energy prices. Additionally, better-than-anticipated tax revenues, notably from value-added tax and social security contributions, contributed to this improvement. However, the positive impact was partially counteracted by heightened expenses associated with the adverse effects of recent natural disasters (i.e. Thessaly floods), with increased interest expenditure also playing a role in offsetting the overall improvement in the primary balance. In 2024, the general government deficit is forecast to decrease to 1.1% of GDP. The public debt-to-GDP ratio - at 168% of GDP in 2023 - is set to decline throughout the forecast horizon, largely driven by the increase in nominal GDP, but also helped by primary surpluses. The ratio is expected to decline to 160.2% in 2024 and to 155.7% in 2025 (IMF). Headline inflation for 2023 averaged 4.1% and should remain above 2% in the foreseeable future. The aftermath of recent floods in the Thessaly region, a significant area for agricultural production, is influencing food prices, while the foreseen robust wage growth linked to a constrained labour market is poised to exert upward pressure on prices in the long term.

During 2023, indications of labour shortages emerged in key sectors such as construction and services. As nominal wages were on the ascent and inflation decelerated, the real compensation of employees shifted into positive territory in 2023, rebounding from the contraction experienced one year earlier. For the year as a whole, the unemployment rate was estimated at 10.8% by the IMF, and is set to decelerate to 9.3% this year and 8% in 2025, its lowest level in over a decade. According to the latest data by Eurostat, Greece has a GDP per capita of less than 40% below the EU average (estimated at USD 39,864 in 2023 by the IMF – PPP).

| Main Indicators                                      | 2022   | 2023 (E) | 2024 (E) | 2025 (E) | 2026 (E) |
|--|--------|----------|----------|----------|----------|
| <b>GDP</b> <i>(billions USD)</i>                     | 219.24 | 242.39   | 256.27   | 266.63   | 275.90   |
| <b>GDP</b> <i>(Constant Prices, Annual % Change)</i> | 5.9    | 2.5      | 2.0      | 1.4      | 1.4      |
| <b>GDP per Capita</b> <i>(USD)</i>                   | 20,960 | 23,173   | 24,513   | 25,517   | 26,443   |

| Main Indicators   | 2022   | 2023 (E) | 2024 (E) | 2025 (E) | 2026 (E) |
|---|--------|----------|----------|----------|----------|
| <b>General Government Balance</b> <i>(in % of GDP)</i>    | -1.8   | -1.8     | -1.1     | -1.2     | -1.2     |
| <b>General Government Gross Debt</b> <i>(in % of GDP)</i> | 178.1  | 168.0    | 160.2    | 155.7    | 151.4    |
| <b>Inflation Rate</b> <i>(%)</i>                          | n/a    | 4.1      | 2.8      | 2.2      | 2.0      |
| <b>Unemployment Rate</b> <i>(% of the Labour Force)</i>   | 12.4   | 10.8     | 9.3      | 8.0      | 7.2      |
| <b>Current Account</b> <i>(billions USD)</i>              | -22.20 | -16.81   | -15.29   | -13.11   | -12.03   |
| <b>Current Account</b> <i>(in % of GDP)</i>               | -10.1  | -6.9     | -6.0     | -4.9     | -4.4     |

Source: IMF – World Economic Outlook Database , October 2021

## Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

## MAIN SECTORS OF INDUSTRY

Traditionally, Greece's economy has been based on agriculture, but nowadays the sector represents only 3.8% of GDP and employs 11% of the labour force (World Bank, latest data available). The country has an agricultural area of around 5,867k hectares and a forest area of 3,901k hectares (FAO). The main crops are tobacco (the third-largest European producer) and cotton. Olives - many of which are used to produce olive oil - are the country's most renowned export crop. Greece has an important sheepherding industry and the fishing sector is well developed in the coastal regions (65% of domestic production of fishery products comes from aquaculture, while the remaining 35% from fishing). In 2022, the volume of Greek aquaculture fish sales witnessed a 1% rise, and the sales value surged by 14% compared to one year earlier. The total quantity of fish sold reached 137,000 tons, worth EUR 744 million. Sea bream and sea bass comprised 92% of the sales (126,700 tons), while all other fish species collectively contributed only 8% to the total sales (10,300 tons – data Hellenic Aquaculture Producers Organization).

As a result of the country's diversification of the economy, industry has replaced agriculture as the second source of income after services, accounting for 16.8% of GDP and employing 15% of the labour force. However, its share was higher before the economic crisis of 2007 (above 20%). Manufacturing is estimated to account for 9% of GDP (World Bank). The main sectors are electronics, transport equipment, clothing manufacturing and construction. Moreover, Greece has the largest maritime fleet in the world.

The service sector accounts for 67.4% of GDP and employs 73% of the labour force. Tourism provides an essential source of income and on its own contributes to almost one-fifth of GDP (the primary sector of contribution to the national economy). The sector directly employs just below 400,000 people, accounting for 10% of total employment in the country. According to the latest figures by the Greek Tourism Confederation, in the January-October 2023 period 23 million international air arrivals were recorded (+11.5% y-o-y), while travel receipts showed an increase of 15.2% and amounted to EUR 17,919 million.

| Breakdown of Economic Activity By Sector                      | Agriculture | Industry | Services |
|---|-------------|----------|----------|
| <b>Employment By Sector</b> <i>(in % of Total Employment)</i> | 11.4        | 15.3     | 73.4     |
| <b>Value Added</b> <i>(in % of GDP)</i>                       | 3.9         | 16.8     | 67.1     |
| <b>Value Added</b> <i>(Annual % Change)</i>                   | 1.3         | 4.2      | 6.3      |

Source: World Bank - Latest available data.

| Monetary Indicators  | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------|------|------|------|------|
| <b>Euro (EUR) - Average Annual Exchange Rate For 1 USD</b> | 0.94 | 0.89 | 0.85 | 0.89 | 0.88 |

Source: World Bank - Latest available data.

## FOREIGN TRADE

Greece has an export-oriented economy, with trade representing 108% of GDP (World Bank, latest data available). According to data from the Hellenic Statistical Authority, fuel had the largest share of exports for 2022 (36.8%), followed by industrial products, mainly raw materials (14.8%), food and live animals (12.7%) and chemicals (11.0%). As per imports, fuel was the main item (34.9%), ahead of transport machinery and equipment (16.8%), and chemicals (13.2%).

In 2022, over half of Greece's exports (55.1% of the total) were directed to EU member-states, underscoring the ongoing significance of the EU as a crucial destination for Greek products. The main trading partners were Italy (10.4%), Bulgaria (7.9%), Germany (6.5%), Cyprus (5.9%), and Turkey (4.6%). Concerning imports, Russia was the main trading partner (10%), followed by Germany (9.2%), China (8.5%), Iraq (7.3%), and Italy (6.8%). Overall, the EU accounted for 51.2% of total imports (Hellenic Statistical Authority).

Data by WTO shows that in 2022 exports of goods reached USD 57.4 billion, marking a 21.5% increase year-on-year; whereas imports stood at EUR 97.7 billion (+26.7% y-o-y). As per services, exports totalled USD 50.1 billion against USD 29.6 billion of imports (+20.8% and +12.7% year-on-year, respectively). The World Bank estimated the country's trade deficit at 9.7% of GDP in 2022, up from 7.8% the previous year. The latest figures from the Hellenic Statistical Authority show that the total value of imports for the 10-month period from January to October 2023 amounted to EUR 42.8 billion (-7.1% y-o-y), while exports stood at EUR 68.6 billion (-12.2% y-o-y). In the same period, the deficit of the trade balance reached EUR 25.8 billion, down by 19.6% over the year.

| Foreign Trade Values                     | 2018   | 2019   | 2020   | 2021   | 2022   |
|--|--------|--------|--------|--------|--------|
| <b>Imports of Goods</b> (million USD)    | 63,877 | 62,384 | 55,947 | 77,105 | 97,696 |
| <b>Exports of Goods</b> (million USD)    | 39,502 | 37,907 | 35,215 | 47,218 | 57,392 |
| <b>Imports of Services</b> (million USD) | 21,086 | 21,322 | 17,627 | 26,270 | 29,610 |
| <b>Exports of Services</b> (million USD) | 43,883 | 44,961 | 25,940 | 41,463 | 50,110 |

Source: World Trade Organisation (WTO) ; Latest available data

| Foreign Trade Indicators                                  | 2018    | 2019    | 2020    | 2021    | 2022    |
|---|---------|---------|---------|---------|---------|
| <b>Foreign Trade</b> (in % of GDP)                        | 80.2    | 81.9    | 71.7    | 89.5    | 106.9   |
| <b>Trade Balance</b> (million USD)                        | -26,532 | -25,572 | -21,135 | -31,224 | -41,017 |
| <b>Trade Balance (Including Service)</b><br>(million USD) | -3,935  | -2,008  | -12,737 | -16,011 | -20,975 |
| <b>Imports of Goods and Services</b> (Annual % Change)    | 8.1     | 2.9     | -7.3    | 17.7    | 10.2    |
| <b>Exports of Goods and Services</b> (Annual % Change)    | 9.1     | 4.9     | -21.5   | 24.1    | 4.9     |
| <b>Imports of Goods and Services</b> (in % of GDP)        | 41.2    | 41.8    | 39.7    | 48.6    | 58.2    |
| <b>Exports of Goods and Services</b> (in % of GDP)        | 39.0    | 40.1    | 32.0    | 40.9    | 48.7    |

Source: World Bank ; Latest available data

| Foreign Trade Forecasts                                   | 2023 | 2024 (e) | 2025 (e) | 2026 (e) | 2027 (e) |
|---|------|----------|----------|----------|----------|
| Volume of exports of goods and services (Annual % change) | 3.3  | 2.6      | 3.0      | 2.9      | 2.9      |
| Volume of imports of goods and services (Annual % change) | 1.0  | 2.2      | 2.0      | 2.0      | 1.6      |

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Greece is a member of the following international economic organisations: IMF, European Union, WTO, European Economic Area, ICC, Black Sea Economic Cooperation Zone (BSEC), OECD, among others. For the full list of economic and other international organisations in which participates Greece click [here](#). International organisation membership of Greece is also outlined [here](#).

Free Trade Agreements

The complete and up-to-date list of Free Trade Agreements signed by Greece can be consulted [here](#).

Main Partner Countries

| Main Customers<br><i>(% of Exports)</i> | 2022  |
|---|-------|
| Italy                                   | 10.4% |
| Bulgaria                                | 7.7%  |
| Germany                                 | 6.3%  |
| Cyprus                                  | 5.5%  |
| Türkiye                                 | 4.6%  |
| See More Countries                      | 65.5% |

| Main Suppliers<br><i>(% of Imports)</i> | 2022  |
|---|-------|
| Germany                                 | 8.9%  |
| China                                   | 8.5%  |
| Italy                                   | 6.3%  |
| Netherlands                             | 4.7%  |
| United States                           | 3.7%  |
| See More Countries                      | 67.9% |

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE



## Current Political Leaders

President: Katerina Sakellaropoulou (since 13 March 2020)

Prime Minister: Kyriakos Mitsotakis (since 26 June 2023)

## Next Election Dates

Presidential: February 2025

Parliamentary: 2027

## Current Political Context

The incumbent centre-right and liberal party New Democracy (ND) triumphed in the June 2023 elections, clinching 40.6% of the vote and securing 158 out of 300 parliamentary seats, including the 50 bonus seats awarded to the majority. Prime Minister Kyriakos Mitsotakis has thus obtained a second mandate to continue implementing an EU-backed reform and modernization agenda, encompassing initiatives like the electrification of the auto fleet, digitization of public services, upskilling of the labour force, and enhancing energy efficiency in homes. Opposition parties experienced widespread weakening, with the left-wing Syriza achieving the lowest result for a main opposition party in modern Greek democracy with 17% of the votes.

In the realm of geopolitics, a significant challenge lies in effectively handling tensions between Greece and Turkey, as the maritime claim disputes in the Aegean and Eastern Mediterranean seas persist, alongside concerns related to refugee management.

## Main Political Parties

The main political parties/alliances currently represented in the Greek parliament include:

- **New Democracy** (ND): centre-right. ND's policies are based on free-market economics and social conservatism. It obtained 158 seats thanks to the majority bonus system
- **Coalition of the Radical Left** (SYRIZA): left-wing anti-establishment, populist, anti-austerity (47 seats)
- **Movement For Change** (PASOK-KINAL): centre-left; it is a breakaway faction from SYRIZA that was formed in 2021
- **Communist Party of Greece** (KKE): Marxist-Leninist, the oldest party in Greece
- **Spartans**: far-right political party, it has strong connections with the extreme-right Golden Dawn
- **Greek Solution**: right-wing, ultranationalist. It was formed in 2016 by former Golden Dawn MP Ilias Kasidiaris
- **Democratic Patriotic Movement** (Victory): conservatism, Christian nationalism
- **Course of Freedom**: anti-establishment, left-wing populist.

## Executive Power

According to the Constitution, executive power is exercised by the President of the Republic and the Government. The role of the President in the executive branch has been reduced to ceremonial since 1986. The post of **Prime Minister**, Greece's head of government, belongs to the current leader of the political party that can obtain the confidence of a parliamentary majority. The President of the Republic formally appoints the Prime Minister and, on his or her recommendation, appoints and dismisses the other members of the Cabinet. The Prime Minister exercises vast political power and the amendment of 1986 further strengthened their position to the detriment of the President of the Republic.

## Legislative Power

Legislative power is exercised by a 300-member unicameral **Parliament**. Statutes passed by the Parliament are promulgated by the President of the Republic. Parliamentary elections are held every four years, but the President of the Republic is required to dissolve the Parliament earlier on the proposal of the Cabinet, when faced with a national issue of exceptional importance. The President is also required to dissolve the Parliament earlier than scheduled if the opposition succeeds to pass a motion of no confidence.

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## COVID-19 COUNTRY RESPONSE

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### Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

### Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

### Economic recovery plan

The summary of the EU's economic response to the COVID-19 pandemic is available on the website of the [European Council](#).

For the general overview of the key economic policy responses to the COVID-19 outbreak (fiscal, monetary and macroeconomic) in Greece, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

### Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).