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PRESS RELEASE

Hellenic Fiscal Council (HFISC)
Positive assessment of the 2025 Annual Progress Report and of the request for the activation of the national escape clause

The Hellenic Fiscal Council (HFISC), in the context of the new European fiscal framework that came into effect on April 30, 2024, published its assessment of the fiscal data contained in the 2025 Annual Progress Report, as well as of the request for the activation of the national escape clause. Specifically:

The year 2024 was marked by "discretionary revenue measures," primarily aimed at combating tax evasion, which had a beneficial impact on limiting primary expenditures. These expenditures decreased by 0.3% when the limit allowed for a 2.6% increase, resulting in a primary surplus of 4.8% and a general government overall balance of 1.3%. The general government debt-to-GDP ratio is estimated to reach 153.6% in 2024, marking a significant reduction of 10.3 percentage points compared to 2023.

For 2025, the increase in net primary expenditures is estimated at 4.5%, exceeding the 3.7% target set in the 2025–2028 Medium-Term Fiscal-Structural Plan (MTP). However, this deviation remains within the permissible limit (0.3 percentage points of GDP) under the European framework. The cumulative increase in expenditures for 2025 is estimated at 4.2%, below the upper threshold of 6.5%, confirming compliance with the EU's new fiscal rules. At the same time, the debt-to-GDP ratio is expected to decline further to 145.7%, reflecting an additional decrease of 7.9 percentage points, mainly due to the continuing growth momentum of the economy and the improvement in the primary surplus.

In light of heightened geopolitical uncertainty, the activation of the national escape clause — as provided for in Regulation (EU) 2024/1263 — is deemed reasonable. This clause permits temporary deviation from the approved path of net expenditures in cases of exceptional circumstances with serious fiscal consequences beyond the control of member states. The HFISC recognizes the existence of such exceptional conditions, particularly due to necessary defense spending. However, it emphasizes the need for strict fiscal discipline, with a focus on rational allocation and effectiveness of expenditures, in order to safeguard the medium-term sustainability of public debt.

The report also highlights that the global economy is undergoing significant shifts. The increased risk of a global trade war with high tariffs could negatively affect economic activity and undermine investment confidence, increasing the risk of recession.

The Greek economy, being closely interconnected with EU economies, is vulnerable to external shocks, such as reduced demand for exports, tourism, and foreign direct investment.

Finally, the report stresses that Greece's high public debt makes it imperative to maintain fiscal consistency. Strengthening confidence in the Greek economy and accelerating structural reforms — especially in public administration, the labor market, and the energy sector — are critical for improving productivity and achieving sustainable and inclusive growth.

You can find the full assessment on the HFISC website here**.**

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