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COMMISSION OPINION

of 25.11.2025

on the Draft Budgetary Plan of Greece

(only the Greek text is authentic)

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GENERAL CONSIDERATIONS

- (1) Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area¹ lays down provisions for enhanced monitoring of budgetary policies in the euro-area, to ensure that national budgets are consistent with the Stability and Growth Pact and the fiscal policy guidance issued in the context of the EU economic governance framework.
- (2) Article 6 of Regulation (EU) No 473/2013 requires euro-area Member States to submit a Draft Budgetary Plan to the Commission and to the Eurogroup, by 15 October each year, setting out the main budgetary objectives and projections for the forthcoming year, and outlining the main aspects underlying the budgetary outlook for the general government and its subsectors.
- (3) On 30 April 2024, the reformed economic governance framework entered into force². The main objectives of the framework are to promote sound and sustainable public finances, sustainable and inclusive growth and resilience through reforms and investments. The framework helps to make the EU more competitive and better prepared for future challenges by supporting progress towards a green, digital, inclusive, and resilient economy.
- (4) In the context of the Union fiscal framework, and to increase transparency, a single operational indicator, anchored in debt sustainability, serves as a basis for setting the fiscal path and for carrying out annual fiscal surveillance for each Member State. That single operational indicator is the nominal growth rate of net expenditure³.

¹ OJ L 140, 27.5.2013, pp. 11–23, ELI: <http://data.europa.eu/eli/reg/2013/473/oj>.

² Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: <http://data.europa.eu/eli/reg/2024/1263/oj>), Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 209, 2.8.1997, ELI: <http://data.europa.eu/eli/reg/1997/1467/2024-04-30>) and Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (OJ L, 306, 23.11.2011, ELI: <http://data.europa.eu/eli/dir/2011/85/2024-04-30>) are the core elements of the reformed EU economic governance framework.

³ According to Article 2(2) of Regulation (EU) 2024/1263, 'net expenditure' means government expenditure net of interest expenditure, discretionary revenue measures, expenditure on programmes of the Union fully matched by revenue from Union funds, national expenditure on co-financing of programmes funded by the Union, cyclical elements of unemployment benefit expenditure, and one-offs and other temporary measures.

- (5) On 2 October 2025, the Commission proposed amendments to Regulations (EU) No 473/2013 and No 1173/2011⁴. These proposed amendments aim to ensure consistency across all elements of the EU economic governance framework, while also simplifying it further, including by reducing the reporting burden on euro-area Member States.
- (6) Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility⁵ (RRF) provides time-bound financial support for the implementation of reforms and investments, notably to promote the green and digital transitions. The RRF also aims to increase the resilience of the Union's energy system by reducing dependence on fossil fuels and diversifying energy supply at Union level ('REPowerEU objectives'). The RRF is strengthening the resilience and potential growth of Member States' economies, which contributes to job creation and sustainable public finances. Part of this support takes the form of non-repayable financial support ("grants"), entailing a fiscal impulse financed by the Union. Together with cohesion policy funds and the Just Transition Mechanism, the RRF is supporting a fair and inclusive recovery in the EU in line with the European Pillar of Social Rights. The RRF is a temporary instrument, lasting until end-2026. On 4 June 2025 the Commission adopted a Communication⁶ with guidance to Member States on how to further streamline their Recovery and Resilience Plans, which options to consider when revising them, and how to plan ahead for the submission of the last payment requests in 2026.
- (7) Russia's war of aggression against Ukraine and its repercussions constitute an existential challenge for the EU. The Commission recommended⁷ to activate the national escape clause of the Stability and Growth Pact in a coordinated manner to support the EU's efforts to achieve a rapid and significant increase in defence spending. The European Council welcomed this proposal on 6 March 2025.

CONSIDERATIONS CONCERNING GREECE

- (8) On 15 October 2025, Greece submitted its Draft Budgetary Plan for 2026 to the Commission and the Eurogroup. The Commission makes an overall assessment of the budgetary situation and adopts this opinion in accordance with Article 7 of Regulation (EU) No 473/2013, taking into account the Council Recommendation endorsing the national medium-term fiscal-structural plan (hereinafter: "medium-term plan") of Greece⁸, the Council Recommendation allowing Greece to deviate from the maximum growth rates of net expenditure (activation of the national escape

⁴ Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1173/2011 and (EU) No 473/2013 as regards alignment with the EU economic governance framework and further simplification of that framework, Brussels, 2.10.2025, COM(2025) 591 final.

⁵ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17–75, ELI: <http://data.europa.eu/eli/reg/2021/241/oj>).

⁶ Communication from the Commission to the European Parliament and the Council, NextGenerationEU - The road to 2026, Brussels, 4.6.2025, COM(2025) 310 final/2.

⁷ Communication from the Commission 'Accommodating increased defence expenditure within the Stability and Growth Pact', Brussels, 19.3.2025, C(2025) 2000 final.

⁸ Council Recommendation of 21 January 2025 endorsing the national medium-term fiscal-structural plan of Greece (OJ C, C/2025/661, 10.02.2025, ELI: <https://eur-lex.europa.eu/eli/C/2025/661/oj/eng>)

clause)⁹ and the Council Recommendation on the economic, social, employment, structural and budgetary policies of Greece¹⁰. This opinion is prepared on the basis of the Commission Autumn 2025 Forecast, which takes into account the information contained in Greece's Draft Budgetary Plan. The figures presented in this opinion may therefore in some cases differ from those reported in the Draft Budgetary Plan.

- (9) On 21 January 2025, the Council adopted a Recommendation endorsing the medium-term plan of Greece. The Recommendation indicates that net expenditure growth should not exceed 3.7% in 2025, 3.6% in 2026, 3.1% in 2027 and 3.0% in 2028. This corresponds to the maximum cumulative growth rates calculated with reference to 2023 of 6.5% in 2025, 10.3% in 2026, 13.7% in 2027 and 17.1% in 2028.
- (10) Following the request of Greece, on 8 July 2025 the Council adopted a Recommendation allowing Greece to deviate from the maximum growth rates of net expenditure (activation of the national escape clause). The Recommendation allows Greece, during the period 2025-2028, to deviate from and exceed the maximum growth rates of net expenditure as set by Council Recommendation C/2025/661 to the extent that the net expenditure in excess of these maximum growth rates is not more than the increase in defence expenditure in percent of GDP since 2024 and provided that the deviation in excess of the maximum growth rates of net expenditure does not exceed 1.5% of GDP. When assessing the request, the Commission verified that the activation of the national escape clause does not endanger fiscal sustainability over the medium term.
- (11) On 8 July 2025 the Council recommended Greece to take action in 2025 and 2026 to reinforce overall defence and security spending and readiness in line with the European Council conclusions of 6 March 2025. The Council also recommended Greece to adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure.
- (12) According to the Draft Budgetary Plan, Greece's real GDP is projected to grow by 2.4% in 2026 (2.2% in 2025), while HICP inflation is forecast at 2.2% in 2026 (3.0% in 2025). According to the Commission Autumn 2025 Forecast, Greece's real GDP is projected to grow by 2.2% in 2026 (2.1% in 2025), while HICP inflation is forecast at 2.3% in 2026 (2.8% in 2025). The Plan's cut-off date preceded the latest statistical revision of the annual GDP data for 2022-2024. Therefore, the growth contributions of the expenditure side components of the GDP are different in the two projections. Furthermore, the Plan expects a faster moderation in services prices, resulting in a 0.1 pps. lower inflation projection for 2026. Overall, the macroeconomic scenario underpinning the budgetary projections in the Draft Budgetary Plan appears to be in line with the Commission's forecast for 2026 and 2025. Greece complies with the requirement of Article 4(4) of Regulation (EU) No 473/2013, since the Draft Budgetary Plan is based on an independently endorsed macroeconomic forecast.

⁹ Council Recommendation allowing Greece to deviate from the maximum growth rates of net expenditure as set by the Council under Regulation (EU) 2024/1263 (Activation of the national escape clause) (OJ C, C/2025/3965, 20.08.2025, ELI: <https://eur-lex.europa.eu/eli/C/2025/3965/oj/eng>).

¹⁰ Council Recommendation of 8 July 2025 on the economic, social, employment, structural and budgetary policies of Greece (OJ C, C/2025/3982, 20.08.2025, ELI: <https://eur-lex.europa.eu/eli/C/2025/3982/oj>).

- (13) Based on the Commission's estimates, the fiscal stance¹¹ is projected to be expansionary by 1.8% of GDP in 2026, following an expansionary fiscal stance by 1.0% in 2025. The fiscal stance appropriately considers the impact on aggregate demand of expenditure financed by non-repayable support ("grants") from the RRF and other EU funds.
- (14) According to the Draft Budgetary Plan, Greece's general government balance is projected to decrease to a deficit of 0.1% of GDP in 2026 (from a surplus of 0.6% in 2025), while the general government debt-to-GDP ratio is set to decrease to 137.6% at the end of 2026 (145.4% at the end of 2025). In turn, according to the Commission Autumn 2025 Forecast, Greece's general government surplus is projected to decrease to 0.3% of GDP in 2026 (1.1% in 2025), while the general government debt-to-GDP ratio is set to decrease to 142.1% at the end of 2026 (147.6% at the end of 2025). The decrease in the surplus is mainly driven by a recently announced fiscal package estimated to cost 0.6% of GDP in 2026. The package includes permanent reductions in personal income tax, property tax, and VAT, alongside targeted increases in pensions and public sector wages. The deterioration is further compounded by higher defence spending and increased current transfers to the EU, following the upward revision of the GNI coefficient for all Member States. The main differences between both sets of projections for the general government balance in 2026 stem primarily from a more favourable base effect in the Commission's forecast, reflecting the stronger than expected fiscal performance in 2025. This results in higher revenues from social security contributions and income taxes, supported by more favourable macroeconomic assumptions and higher taxes on interest income. Property taxes are also higher, due to a different methodology for estimating late payments from previous periods, partly offset by lower VAT revenues linked to differing macroeconomic assumptions. On the expenditure side, the Commission's forecast projects lower social welfare benefits (by 0.1% of GDP) and lower public sector wage costs consistent with past underspending trends. In addition, the Commission's forecast assumes reduced national co-financing expenditure for EU programmes, given expectations of a more back-loaded implementation of the current programming period (NSRF 2021–2027). Concerning the projections of general government debt, the differences reflect the fact that the Plan assumes an EUR 5.3 billion (2.1% of GDP) early repayment under the Greek Loan Facility and a higher GDP growth forecast for both 2025 and 2026.
- (15) Public expenditure financed by EU funds, including non-repayable support ("grants") from the RRF, is projected in the Commission Autumn 2025 Forecast to increase to 4.0% of GDP in 2026 (from 3.4% of GDP in 2025)¹². The Draft Budgetary Plan expects that expenditure amounting to 3.2% of GDP will be financed by RRF grants in 2026, compared with 1.9% of GDP in 2025. Expenditure financed by RRF grants enables high-quality investment and productivity-enhancing reforms

¹¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, excluding one-off and cyclical unemployment expenditure, but including expenditure financed by non-repayable support (grants) from the RRF and other EU funds, relative to the medium-term (10-year) average potential GDP growth rate, expressed as a ratio to nominal GDP.

¹² For the purposes of fiscal surveillance, these figures refer to government expenditures financed by RRF grants and other EU funds, which are recorded at the time when that expenditure reaches the national economy. The figures usually differ from those for the flow of disbursements from the EU budget to the Member States, which might lag or lead that expenditure.

without a direct impact on the general government balance and debt of Greece. The Draft Budgetary Plan also expects that expenditure amounting to 1.8% of GDP will be supported by loans from the RRF in 2026, compared with 1.1% of GDP in 2025, with a direct impact on general government debt, but not on the deficit as it will finance loans to the private sector.

- (16) According to the Commission Autumn 2025 Forecast, nationally financed public investment is projected to decrease to 2.4% of GDP in 2026 (from 2.5% of GDP in 2025).
- (17) The Draft Budgetary Plan includes several discretionary fiscal policy measures. On the revenue side, these include the reform of the income tax scale of natural persons with emphasis on families with children and young people, the introduction of an intermediate 25% tax rate on income from real estate, the reform the system of imputed living expenses used for tax assessment and the gradual abolition of the property tax for small villages. According to Commission estimates, the overall additional impact of the discretionary revenue measures increases net expenditure (and decreases the general government surplus) by 0.3% of GDP in 2026¹³. On the expenditure side, the measures include the reform of the special wage grid for the Armed and Security Forces, wage adjustments for other public sector employee categories, and the gradual phase-out of the pension “personal difference” mechanism, which currently offsets part of pension increases.
- (18) Greece’s government expenditure on defence¹⁴ amounted to 2.7% of GDP in 2021 and 2.2% of GDP in 2024. According to the Commission Autumn 2025 Forecast, it is projected to amount to 2.4% of GDP in 2025 and 2.6% of GDP in 2026. This corresponds to a projected increase of 0.4 percentage points of GDP in 2026 compared to 2024.
- (19) According to the Commission Autumn 2025 Forecast, Greece’s net expenditure is projected to increase by 3.8% in 2025, which is above the maximum growth rate of 3.7% recommended by the Council. This corresponds to a deviation of less than 0.1% of GDP in 2025. For 2026, net expenditure is projected to increase by 6.7%, which is above the maximum growth rate of 3.6% recommended by the Council. This corresponds to a deviation of 1.2% of GDP in 2026. In cumulative terms, *i.e.* compared to the base year of 2023, Greece’s net expenditure is projected by the Commission to increase by 10.5% in 2026, which is above the maximum cumulative growth rate of 10.3% recommended by the Council. This corresponds to a cumulative deviation of 0.2% of GDP. However, the projected cumulative deviation in 2026 is within the flexibility provided by the national escape clause based on current projections for defence spending.¹⁵
- (20) In conclusion, according to the Commission Autumn 2025 Forecast, which takes into account the Draft Budgetary Plan, Greece’s net expenditure growth rate in 2026 in cumulative terms is above the maximum growth rate recommended by the Council.

¹³ This estimate includes all the discretionary revenue measures with an incremental fiscal impact in 2026, whether they are introduced in the 2026 draft budget or were introduced previously.

¹⁴ Nationally-financed defence expenditure as defined in the Classification of the functions of government (COFOG) in the framework of the European System of National Accounts (ESA2010).

¹⁵ According to point 3 of the Council Recommendation of 8 July 2025 activating the national escape clause, actual deviations from the maximum growth rates of net expenditure as set by the Council that are allowed under the national escape clause will not be recorded as debits in the control account of Greece.

However, given the flexibility provided by the national escape clause, the projected net expenditure growth is compliant with the relevant Council recommendations.

Overall, the Commission is of the opinion that the Draft Budgetary Plan of Greece complies with the maximum growth of net expenditure in the Council Recommendation endorsing the medium-term plan, taking into account the flexibility provided by the national escape clause.

The assessment of the implementation of the relevant Council recommendations will continue in the context of the European Semester Spring Package, which is expected to be adopted by the Commission at the beginning of June 2026.

Table 1: Key macroeconomic and fiscal figures

#	Variables		2024	2025		2026	
			Outturn	DBP	COM	DBP	COM
1	Real GDP	% change	2.1	2.2	2.1	2.4	2.2
2	HICP	% change	3.0	3.0	2.8	2.2	2.3
3	General government balance	% GDP	1.2	0.6	1.1	-0.1	0.3
4	Primary balance	% GDP	4.7	3.6	4.3	2.8	3.4
5	General government gross debt	% GDP	154.2	145.4	147.6	137.6	142.1
6	Fiscal stance (*)	% GDP	1.5	n.a.	-1.1	n.a.	-1.9

Notes:

(*) A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance.

Source : Commission Autumn 2025 Forecast (COM) and Draft Budgetary Plan for 2026 (DBP)

Table 2: Net expenditure (outturn and forecast), annual and cumulated deviations relative to the Recommendation

	Variables		2023	2024	2025	2026
			Outturn	Outturn	COM	COM
1	Total expenditure	bn EUR	111.5	114.2	120.4	127.5
2	Interest expenditure	bn EUR	7.6	8.2	8.1	8.0
3	Cyclical unemployment expenditure	bn EUR	0.3	0.1	0.0	-0.1
4	Expenditure funded by transfers from the EU	bn EUR	5.7	6.1	8.5	10.4
5	National co-financing of EU programmes	bn EUR	0.7	0.7	0.8	0.7
6	One-off expenditure (levels, excl. EU funded)	bn EUR	0.3	0.4	0.4	0.0
7=1-2-3-4-5-6	Net nationally financed primary expenditure (before discretionary revenue measures, DRM)	bn EUR	96.9	98.7	102.5	108.5
8	Change in net nationally financed primary expenditure (before DRM)	bn EUR		1.8	3.9	6.0
9	DRM (excl. one-off revenue, incremental impact)	bn EUR		2.0	0.1	-0.9
10=8-9	Change in net nationally financed primary expenditure (after DRM)	bn EUR		-0.2	3.8	6.8
11	Outturn / forecast net expenditure growth	% change		0.0	0.0	0.1
12	Recommended net expenditure growth*	% change		0.0	0.0	0.0
13=(11-12) x 7	Annual deviation	bn EUR		-2.7	0.1	3.1
14 (cumulated from 13)	Cumulated deviation**	bn EUR		-2.7	-2.6	0.5
15=13/17	Annual balance	% GDP		-1.1	0.0	1.2
16=14/17	Cumulated balance	% GDP		-1.1	-1.0	0.2
17	p.m. Nominal GDP	bn EUR	224.7	236.7	248.3	260.4

Notes:

(*) The Council Recommendation does not include an annual growth rate for 2024. The figure for 2024 in this table is implicit in the recommended maximum cumulative growth rate.

(**) The cumulative net expenditure growth rates are calculated with reference to the base year 2023.

Source : Commission Autumn 2025 Forecast and Commission calculations

Table 3. Defence expenditure and the national escape clause

			2024	2025	2026
1	Total defence expenditure	% GDP	2.2	2.4	2.6
2	of which: gross fixed capital formation	% GDP	0.2	0.5	0.6
3	Flexibility from increases in defence expenditure*	% GDP		0.1	0.4
4	Cumulated balance after flexibility	% GDP		-1.2	-0.1

Notes:

(*) The amount has a lower bound of 0 and an upper bound of 1.5 % of GDP.

Source : Commission Autumn 2025 Forecast and Commission calculations

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For the Commission
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