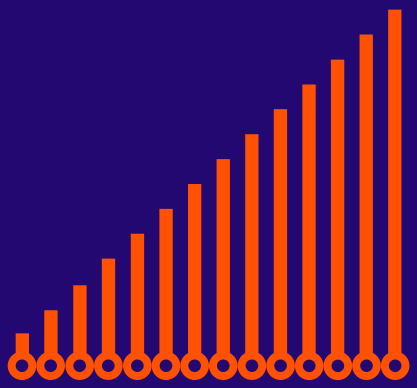
CENTRE OF PLANNING AND ECONOMIC RESEARCH

Issue 60, June 2026

GREEK ECONOMIC OUTLOOK



- Recent economic developments
- Fiscal developments
- Human resources and social policies
- Reforms-Economic development
- Special topics

GREEK

Economic Outlook

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Editorial

This issue covers a period during which the international economic environment was characterized by heightened uncertainty and intense geopolitical turbulence. The military conflict between the United States and Iran, with its repercussions on international energy markets and global trade, serves as a reminder that the global economy remains vulnerable, above all, to unexpected geopolitical disruptions.

At the European level, these developments are linked to broader issues concerning the strategic orientation of the European Union. The European Union's new Multiannual Financial Framework (MFF) for the 2028–2034 period takes on particular significance, as it constitutes not merely a mechanism for allocating resources, but a strategic tool through which efforts are being made to strengthen the competitiveness, resilience, and cohesion of the European economy. The policy choices implemented within its framework are expected to have a decisive impact on the developmental potential of the Member States over the coming decade.

In light of these developments, this issue presents analyses covering a wide range of topics pertaining to the Greek economy, from macroeconomic developments to matters of social welfare.

More specifically, the first section focuses on current economic developments and the prospects of the Greek and international economy. Initially, it examines the cyclical phases of economic activity and the trajectory of economic uncertainty indicators. Subsequently, it analyzes the changes in the main components of demand, the short-term prospects of GDP, and the evolution of inflation in Greece and the Eurozone. The section is complemented by an analysis of international economic developments and the prospects of global economic activity, amid a severe disruption in international energy markets.

In the second section, the analysis of the new MFF highlights the opportunities and challenges emerging for Greece, underscoring that its effective utilization will be a critical factor for the country's long-term developmental course.

The third section begins with a presentation of recent developments in key labor market indicators. It then examines subjective and objective poverty and maps the happiness of children in Greece, contributing to an understanding of the social dimensions of economic development. Part A of the issue concludes with an analysis of the recent trends in Greece's foreign trade of agri-food products.

Finally, the special topic of Part B is dedicated to subjective well-being, examining life satisfaction and the predominant emotions in Greece for the 2019–2025 period. The findings serve as a reminder that economic progress cannot be assessed solely in terms of income and output, but should also take into account the broader dimensions of human well-being.

1. Recent economic developments

KEPE, *Greek Economic Outlook,* issue 60, 2026, pp. 4-8

1.1. Cyclical phases of economic activity and Economic Uncertainty Indicators

Ekaterini Tsouma

1.1.1. Introduction

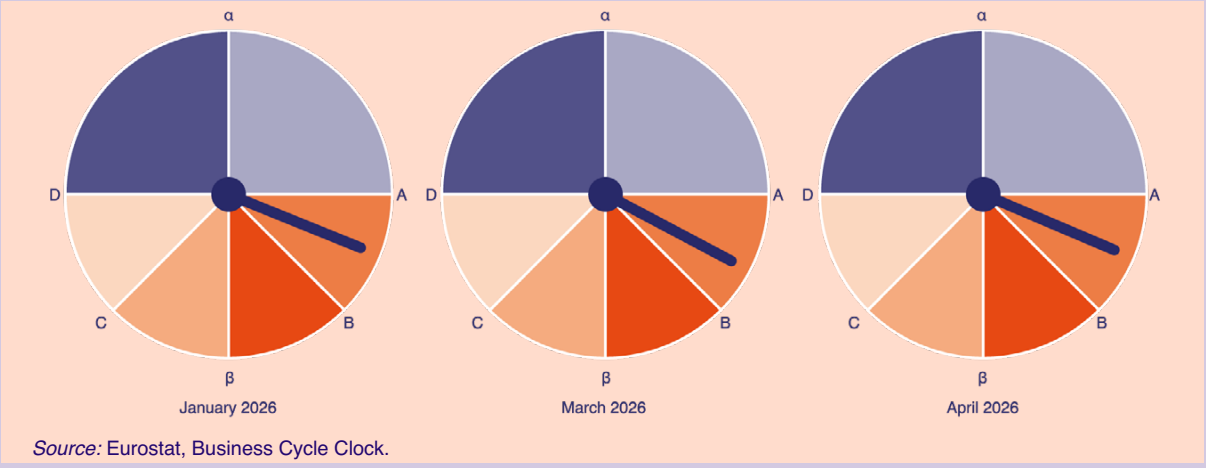
The ability to form a general view regarding the state of an economy and its perceived dynamics is of critical importance to all participants in economic activity at any given time. At the same time, and depending on the current juncture, it becomes necessary to monitor indicators that acquire particular significance and should be considered alongside all the main macroeconomic data. Within this framework, this section, first, offers indications concerning the cyclical phases of economic activity in the Greek economy. The basis for this analysis is provided by Eurostat's Business Cycle Clock for Greece and KEPE's Composite Leading Indicator (CLI). Next, the recent course of the Economic Uncertainty Indicator (EUI) for Greece is presented for the overall index and its five subcategories. Finally, the correlation between KEPE's CLI and the overall EUI is presented.

1.1.2. Cyclical phases of economic activity

Useful indications about the current cyclical phases of economic activity in Greece are provided by Eurostat's Economic Cycle Clock for the second quarter of 2026.[1]

According to the available data for April 2026 (Figure 1.1.1), the clock hand is located in the A–B region, overall corresponding to a slowdown phase. In other words, the growth rate remains positive (as is the case throughout the CDαAB region, where it becomes positive from point C and turns negative from point B) but lies below its trend (as is the case throughout the ABβCD region, where it falls below its trend from point A and surpasses its trend from point D), and is on a downward course from its maximum (as is the case throughout the αABβ region, where the growth rate reaches its maximum at point α and its minimum at point β). At the same time, comparisons with the corresponding data for January and March 2026, regarding the first quarter of the year, become interesting. Based on the January data, no changes

FIGURE 1.1.1
Eurostat's Business Cycle Clock for Greece



Source: Eurostat, Business Cycle Clock.

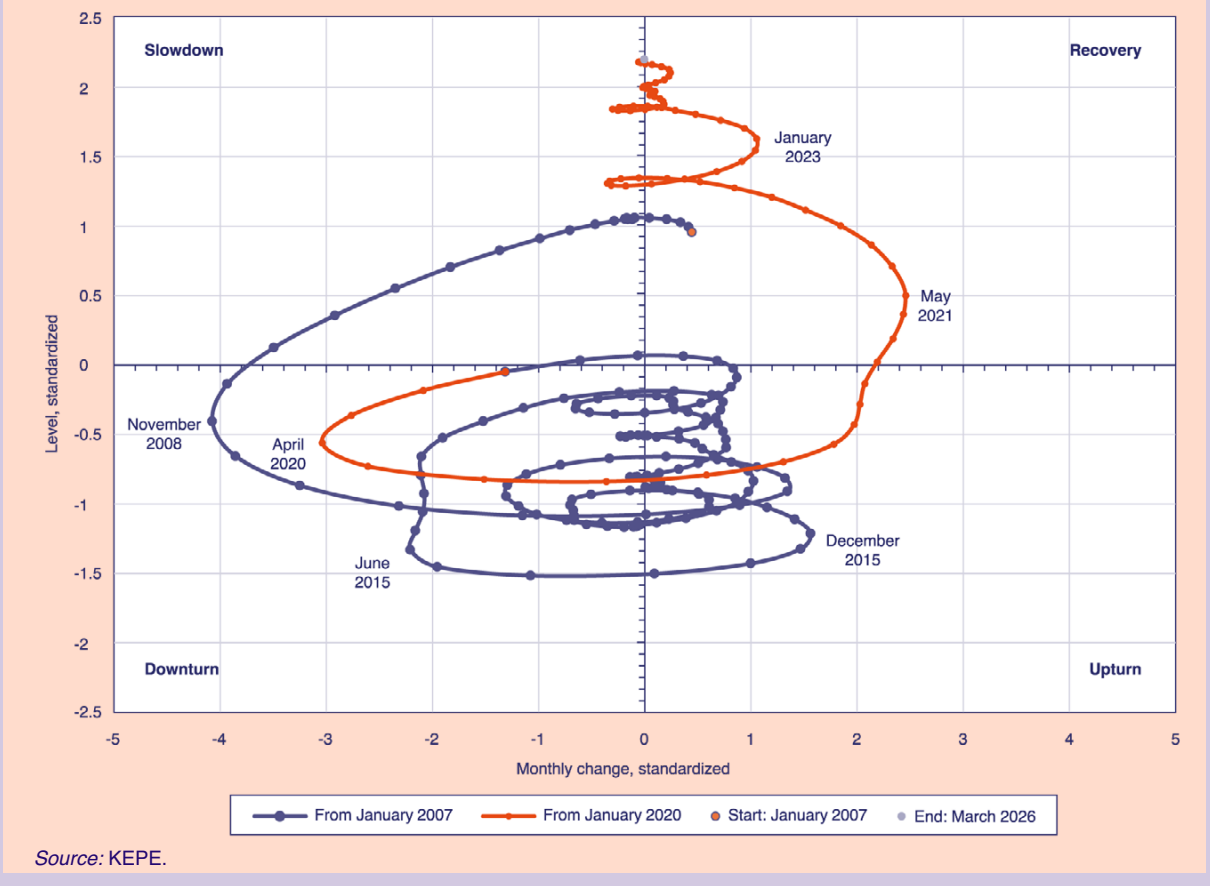
1. For technical compilation details (individual cycles, underlying variables, methodological approach, etc.), detailed explanations and the most recent Business Cycle Clock data, see Cannata (2021) and https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Business_Cycle_Clock#Explore_further. Note that the data extraction date for Figure 1.1.1 is 2/6/2026.

are observed between the first and second quarters, with the clock hand remaining in the slowdown phase. However, March data for the first quarter indicate a further decline (with respect to the maximum) in the growth rate relative to the January information. This decline is followed by an increase (with respect to the minimum) in the growth rate for the second quarter of 2026, with the clock hand having moved upward while remaining in the slowdown phase. This development is likely associated with the initial disruption caused by the recent geopolitical developments worldwide, as well as their repercussions on the domestic economy.

Valuable insights into the expected cyclical phase of economic activity in Greece over the upcoming months are provided by the Leading Indications Clock of Cyclical Phases, constructed using the KEPE CLI.[2] The Clock illustrates four phases of future economic conditions, according to expectations and assessments of economic agents, based on KEPE's CLI (Figure 1.1.2). The four phases are described as follows: "recovery", where the CLI is moving upward and above its average; "upturn", where the CLI is moving upward and below its average; "downturn", where the CLI is moving downward and below its average; and "slowdown", where the CLI is moving downward and above its average.

According to the most recent estimates of June 2026, which incorporate data up to March 2026,[3] a positive momentum is observed regarding expectations for future economic conditions, with the CLI moving above its average and at an overall high level. The evolution for the period January–March 2026 demonstrates that economic agents' assessments remain marginally within the slowdown phase, yet have moved toward the recovery phase.

FIGURE 1.1.2
Leading Indications Clock of Cyclical Phases for Greece



Source: KEPE.

2. The Leading Indications Clock of Cyclical Phases, which is based on Kepe's CLI, is constructed by plotting standardized levels of the CLI against its standardized monthly changes, following smoothing by the use of the Hodrick and Prescott (1997) filter to eliminate short-term fluctuations.

3. For details on the most recent estimates, see https://www.kepe.gr/en/research/recent-publications-kepe/kepe-indices/. Note that data for private building activity stops in February 2026.

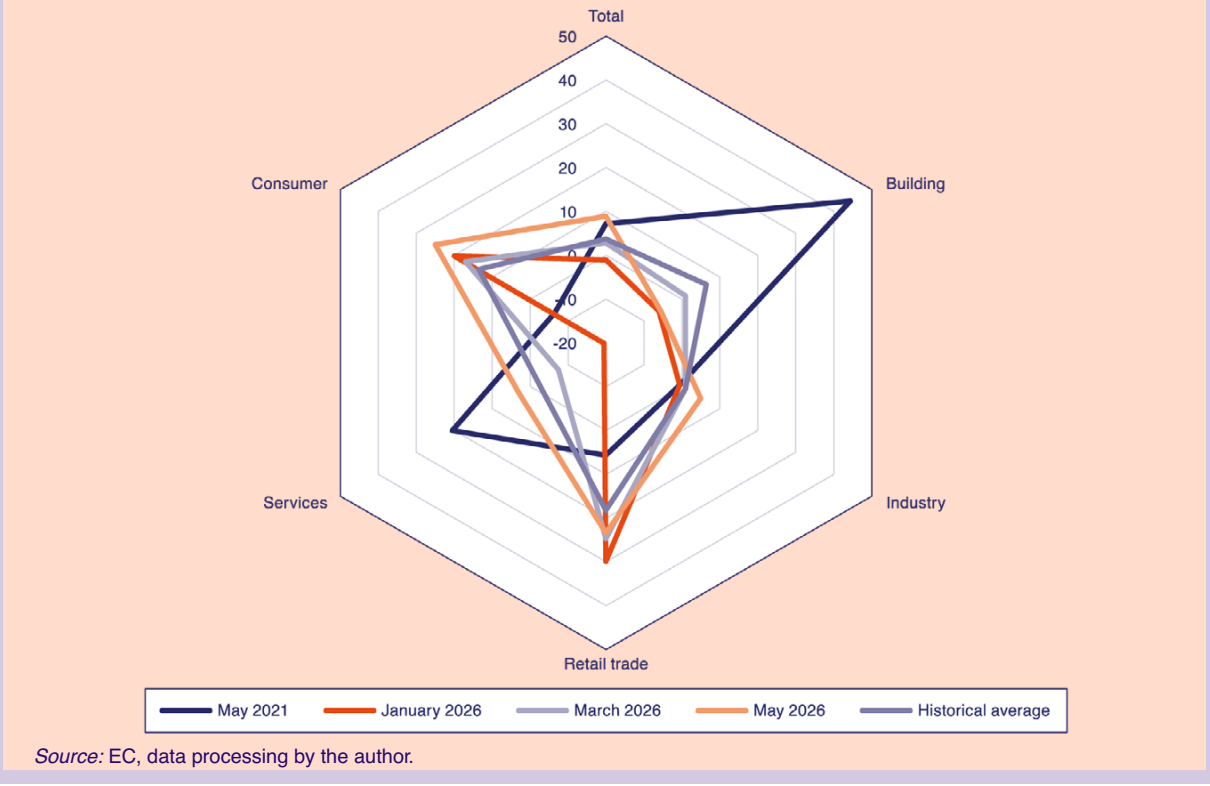
1.1.3. Uncertainty indicators

The formation of expectations and assessments regarding the evolution of economic activity in Greece, as well as economic activity itself, is inextricably linked to the prevailing level of certainty or uncertainty at any given point in time. Uncertainty affects both businesses and households, as it may lead to a wait-and-see attitude or even discourage investment and consumption decisions (Brignone et al., 2025). In addition to economic factors, uncertainty may also relate to political, social, and major geopolitical circumstances.

Based on recent geopolitical developments, the Economic Uncertainty Indicator (EUI), compiled by the European Commission (EC) since May 2021 relying on Business and Consumer Surveys (BCS), is now becoming more timely.[4] This indicator, which is also available at a sectoral level, quantifies the degree of difficulty that survey participants face in predicting their future business or financial situation. In other words, it captures uncertainty as perceived by businesses and consumers. Higher values of the indicator and sub-indicators demonstrate that more respondents report difficulty in making a prediction, corresponding to higher perceived uncertainty. In this context, important information is provided by both its recent path and its potential relationship with the KEPE CLI, that is, with the formation of expectations and assessments by economic agents regarding upcoming economic conditions.

Figure 1.1.3[5] presents the evolution of the overall EUI and its corresponding sub-indicators for Greece, covering the sectors of construction, industry, retail trade, services, and consumer uncertainty. Overall, it can be observed that, with the exception of the construction sector, the values of all sectoral sub-indices for May 2026 exceed their historical averages, resulting in the overall EUI also surpassing its historical average. More specifically, according to the latest available data for May 2026, perceived uncertainty increased both at the aggregate level and at the level of individual sectors, such as industry, services, and consumer

FIGURE 1.1.3
Evolution of Economic Uncertainty Indicators in Greece

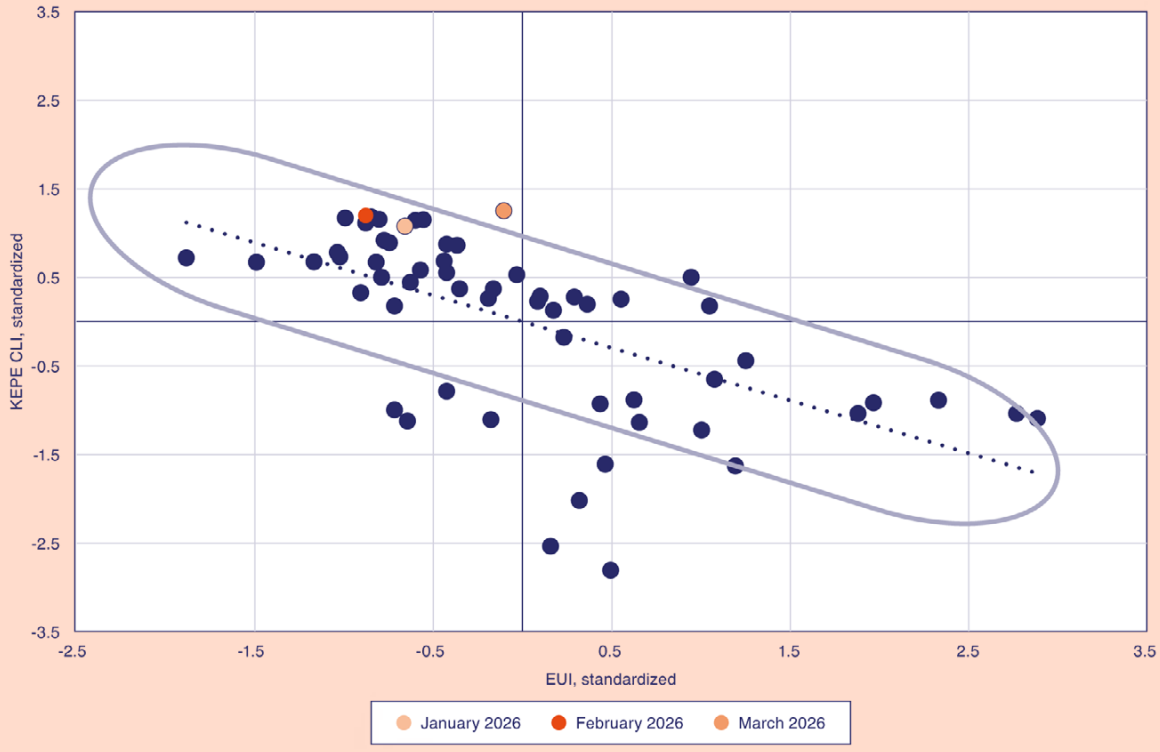


Source: EC, data processing by the author.

4. For information about EUI derivation, see https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/business-and-consumer-surveys/methodology-business-and-consumer-surveys/methodological-concepts_en. Seasonally unadjusted data.

5. The historical average is obtained based on the time period from the beginning of the derivation of the EUI up to the most recent observation for May 2026.

FIGURE 1.1.4
Link between EUI and KEPE CLI, May 2021–March 2026



Source: EC, KEPE, data processing by the author.

compared with January and March 2026. At the same time, perceived uncertainty declined in the construction and retail trade sectors relative to the aforementioned months. These sectors appear to exhibit greater stability in the short term and, consequently, less difficulty in making predictions than the industry, services, and consumer sectors, which are characterized by greater short-term sensitivity.

Figure 1.1.4 illustrates the dispersion of values of the total EUI for Greece and the KEPE CLI for the period of May 2021–March 2026. Overall, an inverse relationship emerges between uncertainty and the CLI, where generally lower uncertainty is associated with CLI values above the average, while higher uncertainty is associated with CLI values below the average. At the same time, a concentration of values can be observed around the trend line, which has a negative slope (dashed line), and within the boundaries of an area of typical observations (an envelope around the trend line). The observations for January and February 2026 are located within this area, but the most recent observation for March 2026 is not. In all three cases, the EUI remains below its average, and the CLI remains above its average. The observation for March 2026, however, appears as a more extreme value, driven by the increase in uncertainty and the simultaneous continuation of the CLI's positive momentum.

1.1.4. Conclusions

Overall, the picture emerging at the current juncture regarding the state of the Greek economy suggests, by comparison, relative stability and may be interpreted as an indication of the economy's initial resilience. This point is particularly important given the recent geopolitical tensions, which carry the risk of possible adverse effects and still require resolution. More specifically, the continuation of positive growth rates in the country during the second quarter of 2026, without any signs of further slowdown, represents a favourable signal. Also, no signs of deterioration were detected in forming expectations and assessments by economic agents regarding future economic conditions in Greece. Nevertheless, the indications of greater difficulty in making predictions, interpreted as an increase in perceived uncertainty, do not allow for complacency, considering the link between uncertainty and the formation of expectations and assessments on the part of economic agents. Moreover, adverse short- to medium-term effects that are not depicted in

the present analysis cannot be ruled out, given that no sufficient time has elapsed between the end of the reference period and the emergence of the most recent geopolitical developments. These developments could exert significant pressure on the Greek economy, which continues to be in an overall phase of slowdown and weakening expectations and assessments regarding future economic conditions. Consequently, the continuous reassessment of the state of the Greek economy and its projected dynamics becomes essential, alongside a thorough analysis of the recent path of the individual macroeconomic indicators, to draw more detailed conclusions and to confirm the observed trends.

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1.2. The main demand components for the year 2025

1.2.1. Introduction - Domestic & foreign demand

Yannis Panagopoulos

In this section, utilizing the existing recorded macroeconomic data, we proceed to analyze the current developments throughout 2025. Based on the results of Table 1.2.1, we observe the existence of positive rates of change in the individual macroeconomic aggregates, excluding imports of goods and services. There is also a relative stability in the growth of the economy compared to 2024 (2.07% compared to 2.16% in 2025).

More specifically, it should be noted that from the individual macroeconomic factors, at an annual level for 2025, the largest positive rate of change was presented by gross fixed capital formation (8.40%), followed by private consumption (1.92%), exports of goods and services (1.65%) and public consumption (0.44%). Imports of goods and services had a negative rate of change (-1.05%) (Table 1.2.1.).

In terms of the 4th quarter of 2025, we have a slightly different order of importance for the individual factors of the reported GDP growth. Specifically, and in order of magnitude, gross fixed capital formation (13.99%), exports of goods and services (2.69%) and private consumption (2.49%) had the largest percentage of positive contribution, while public consumption had a negative percentage (-0.33%). Finally, imports of goods and services, although theoretically expected to have a subtractive impact on GDP, in this quarter had a positive contribution (1.14%).

On the other hand, the sub-components of domestic demand (Figure 1.2.2) continue to record a positive trend. In fact, for the 4th quarter of 2025, based on the existing components (using seasonally adjusted data), the fixed capital investment component has the largest contribution (2.40), followed by private consumption (1.77), while public consumption had a negative contribution (-0.43). Domestic demand appears with a positive contribution level of 1.55.

As regards the participation of the domestic and external demand sectors (i.e., the balance of goods and services) in GDP, for the 4th quarter of 2025, we observe an optimistic outcome due to the significant positive contribution of all individual factors (Figure 1.2.3). Specifically, based on the order of importance of the individual factors, the largest contribution was made by domestic demand (3.96), the change in inventories (2.24) and, finally, the balance of goods and services (0.46).

The trend of the Economic Sentiment Index (ESI), as a future "proxy" of demand, for the period 1/2025-4/2026, is documented as an important index for the expectations of households and businesses. Thus, for 2025, it shows a slightly downward volatility, which starts in January 2025 at 108.3 points and ends at 106.7 points in December 2025 (Figure 1.2.4). As for the first 4 months of 2026, this downward volatility continued, with the ESI result falling to 105.7 points (May 2026).

Below is a more detailed discussion on the contribution of the country's balance of goods and services to GDP.

Balance of trade

The contribution of the external sector (percentage change in exports minus imports) for 2025, as is presented in Figure 1.1.3, is generally considered quite positive (1.07 year-on-year and 0.46 for 2025Q4). Below, we will refer to the rate of change of goods and to the rate of change of services separately. It should be underlined that as far as services are concerned, which are the relatively smallest part of exports, they showed an annual increase of 0.36%, while in contrast, goods, which were the largest part of exports, showed an increase of 3.04%. On the other hand, imported services experienced an annual decrease of 1.06%, while imported goods experienced a decrease of 2.01% (Table 1.2.1).

As far as the contribution of the balance of goods and services to the GDP rate, for the 4th quarter of 2025, it stood at 0.46 points in contrast to -0.34 points for the corresponding 4th quarter of 2024 (Figure 1.2.5). More analytically, we observe a positive contribution of total exports to GDP, estimated at 0.96 points, but also an awkward and unexpected negative contribution of the imports to GDP, at -0.50 points. The general longitudinal picture, with the corresponding histograms of exports and imports, is presented in detail in Figure 1.2.5.

TABLE 1.2.1 Basic macroeconomic variables (Factors)

(% rates of change with seasonally adjusted data, at constant prices)

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2024	2025
Private consumption	3,88	2,49	1,63	1,82	1,81	3,16	3,20	1,36	2,59	1,22	1,37	2,49	2,38	1,92
Public consumption	3,81	2,00	-0,88	5,74	-6,01	-2,92	0,87	-1,93	3,50	0,80	-0,33	-2,19	-2,50	0,44
Gross fixed capital formation	13,7	7,7	7,0	-0,2	2,8	5,3	1,6	6,6	-1,3	7,7	13,2	14,0	4,08	8,40
Aggregate demand*	5,3	3,1	2,0	2,0	0,7	2,5	2,5	1,5	2,2	2,1	2,8	3,6	1,77	2,67
Exports of goods & services	4,4	0,1	2,8	1,5	-0,3	2,1	1,1	0,9	1,3	1,1	1,5	2,7	0,97	1,65
Exports of goods	7,1	-2,4	0,1	-2,6	-6,9	2,8	-0,1	-0,4	3,1	-0,5	2,4	7,1	-1,15	3,04
Exports of services	5,9	0,9	4,1	5,3	3,7	1,9	3,5	3,8	-0,4	2,5	0,4	-1,1	3,21	0,36
Imports of goods & services	3,6	-2,0	2,2	-2,9	2,5	7,5	3,5	1,5	1,7	-3,1	-3,9	1,1	3,79	-1,05
Imports of goods	0,8	-5,3	1,5	-2,6	2,7	9,7	2,6	2,1	1,1	-4,7	-5,0	0,6	4,28	-2,01
Imports of services	13,2	8,2	2,6	-2,2	4,2	5,0	12,4	4,3	3,7	1,1	-1,9	1,3	6,48	1,06
Δ GDP	2,2	3,1	1,8	1,5	1,8	1,8	2,4	2,2	2,4	1,7	2,1	2,4	2,07	2,16

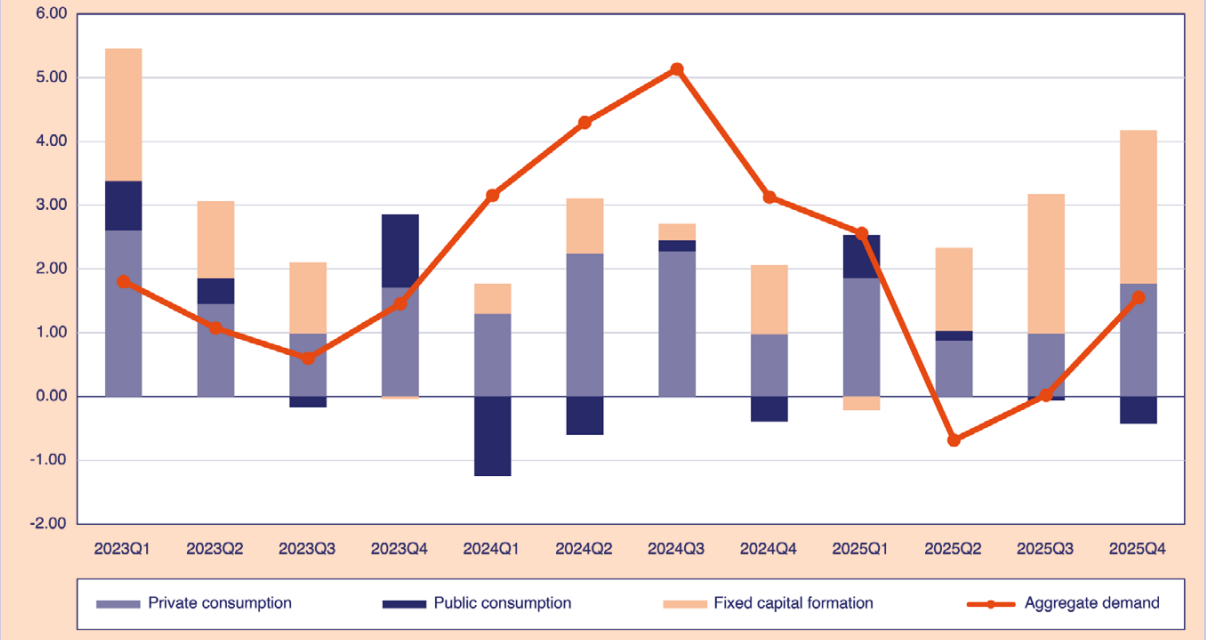
Source: Quarterly National Accounts, ELSTAT.

*Without changes in inventories.

FIGURE 1.2.1
Basic macroeconomic variables
(% rates of change with seasonally adjusted data, at constant prices)

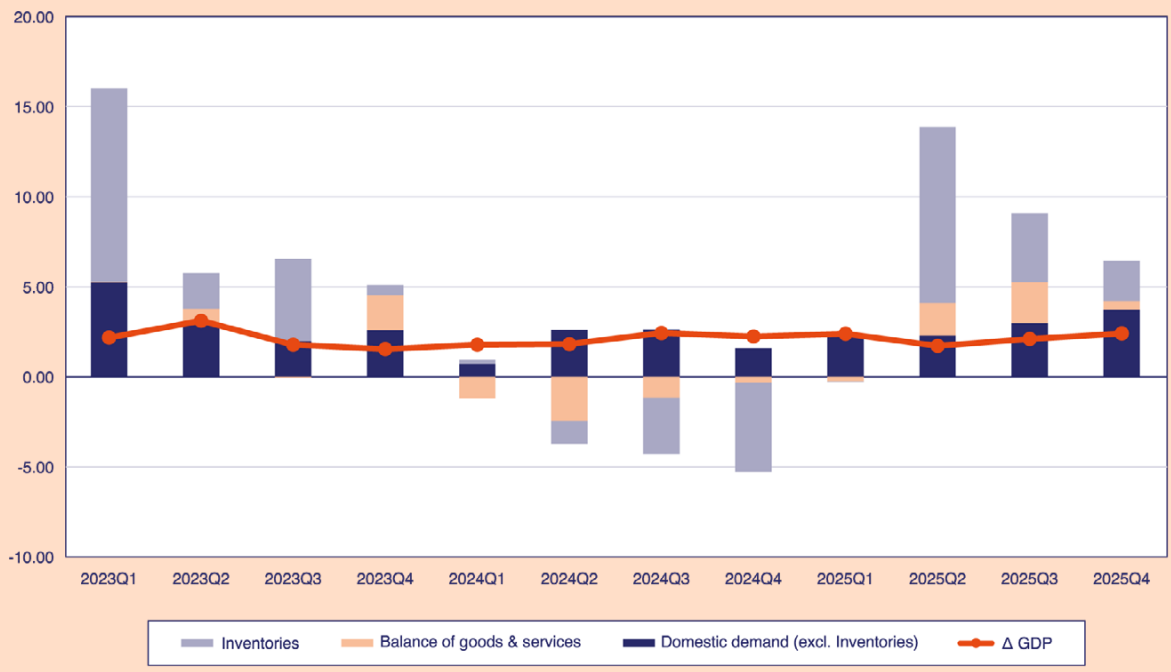
Source: National Accounts, ELSTAT, author's processing of data.

FIGURE 1.2.2
Sub-components of domestic demand



Source: National Accounts, ELSTAT, author's processing of data.

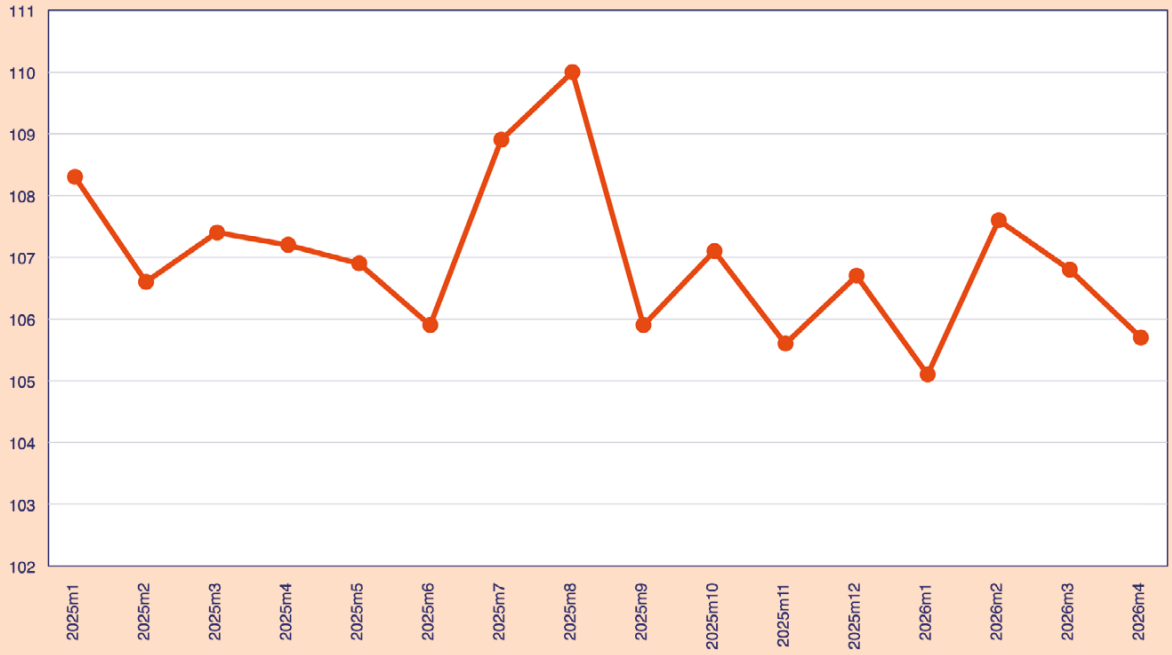
FIGURE 1.2.3
Domestic and net external demand*



Source: National Accounts, ELSTAT., authors' processing of data.

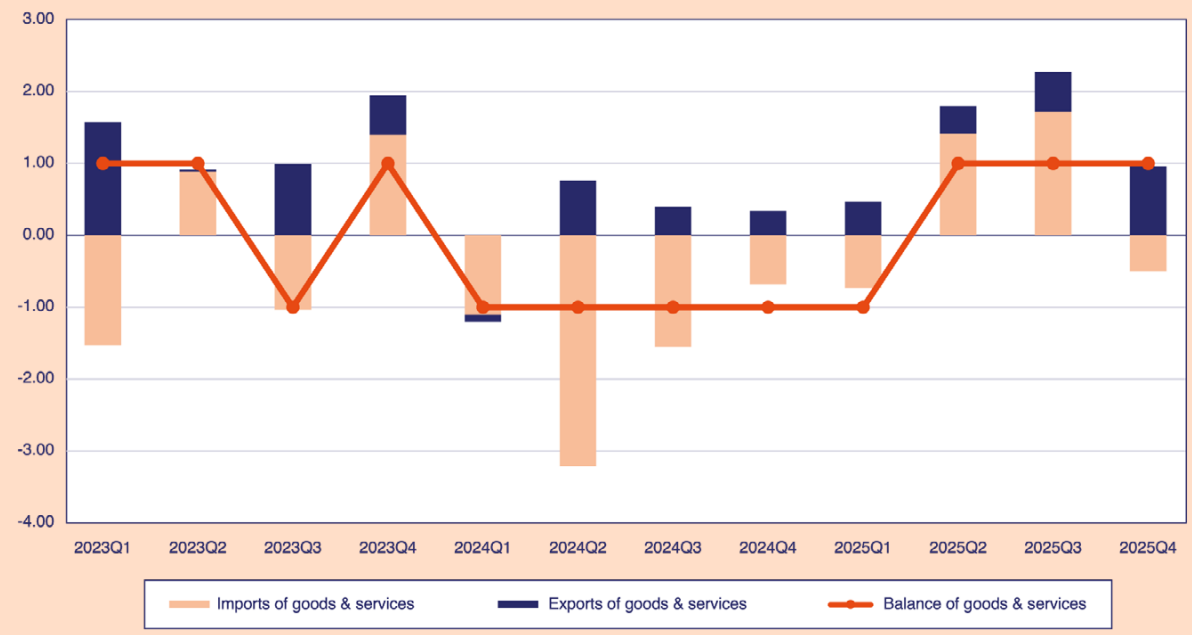
*The change in inventories in 2024 Q1 and Q2 are the author's calculation.

FIGURE 1.2.4
Economic Sentiment Index (1/2025-4/2026)



Source: Eurostat.

FIGURE 1.2.5
Sub-components of external demand



Source: National Accounts, ELSTAT, author's processing of data.

1.2.2. Private consumption and investment

Konstantinos Loizos

1.2.2.1. Private consumption

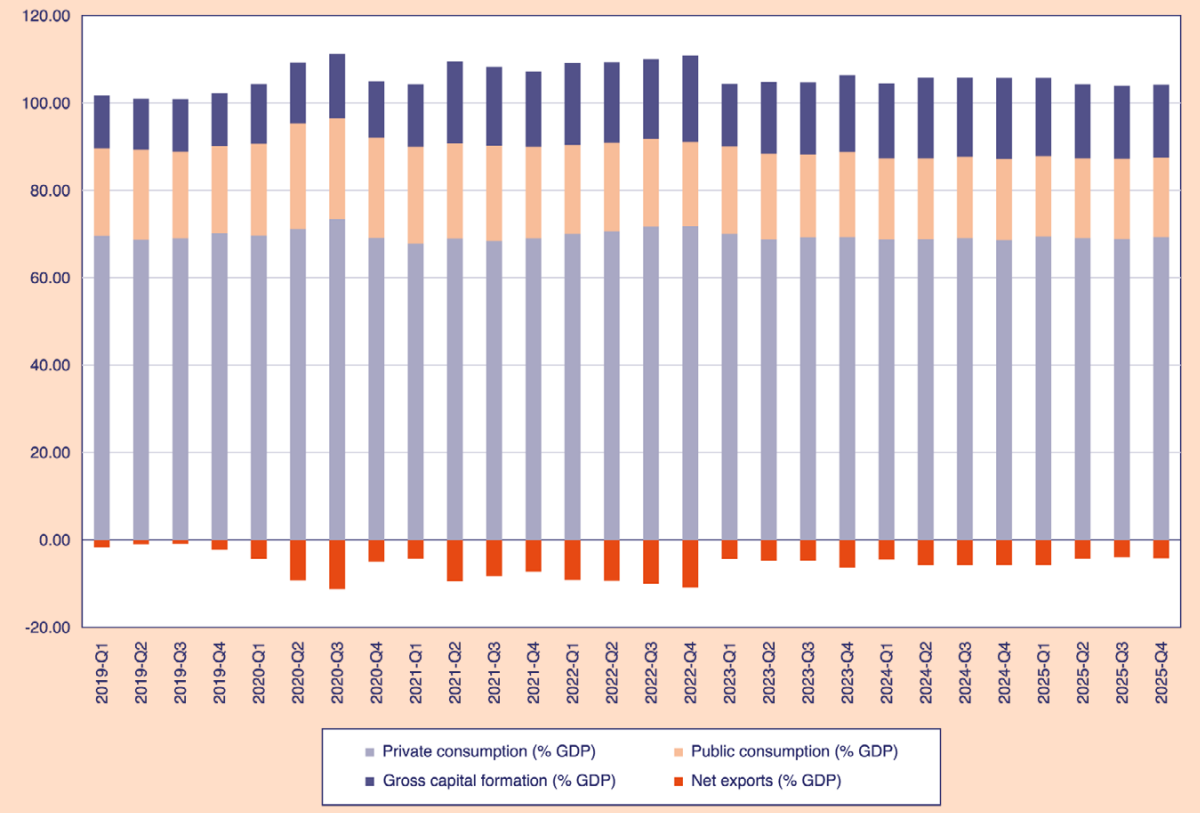
Boosted private consumption expenditure in 2025 despite fluctuations

According to the quarterly seasonally adjusted *National Accounts,*[1] the private consumption of households and NPISH[2] increased from 42,349 million euros in current prices in the first quarter of 2025 to 42,554 million euros in the second quarter, 42,976 million euros in the third quarter, and 43,533 million euros in the fourth quarter of 2025. On the contrary, in terms of chain-linked volumes in constant 2020 prices, private consumption fell from 36,380 million euros in the first quarter of 2025 to 36,352 million euros in the second quarter only to rise again to 36,493 million euros in the third quarter and to 36,784 million euros in the last quarter of that year. Correspondingly, in terms of percentage changes[3] with respect to the preceding quarter, based on seasonally adjusted chain-linked volumes, private consumption showed a decline from 1.4% in the first quarter of 2025 to -0.1% in the second quarter, while it subsequently rose by 0.4% in the third quarter and by 0.8% in the fourth quarter of 2025. The respective rates with respect to the corresponding quarter of the previous year were equal to 2.6%, 1.2%, 1.4% and 2.5%, following the same pattern.

Private consumption as a percentage of GDP was 68.81% on average during 2024, but increased to 69.19% on average in 2025. On the contrary, public consumption as a percentage of GDP fell on average from 18.62% in 2024 to 18.29% of total public expenditure in 2025. Gross capital formation (fixed capital and changes in inventories) shows a similar decline in percentage terms. It was on average 18% of GDP in 2024, while in 2025 decreased to 17.02% of GDP. Finally, the deficit in the balance of trade as a percentage of GDP fell on average from -5.42% of GDP in 2024 to -4.50% in 2025 (Figure 1.2.6). The above trends are not different from those observed in the previous issue

1. *Quarterly National Accounts*, press release, ELSTAT, 6 March 2026.
2. Non-profit institutions serving households.
3. Percentage changes are calculated using the formula $\frac{X_t - X_{t-1}}{X_{t-1}}$.

FIGURE 1.2.6
Evolution of private consumption and other components of demand as a percentage of GDP (expenditure approach) (seasonally adjusted data in current prices)



Source: ELSTAT, data processing by the author.

of the *Greek Economic Outlook* since the significant relative weight of consumption expenditure was maintained and increased with respect to GDP while the fall in the percentage share of the other components of aggregate demand was accompanied by a corresponding decline in the trade deficit.

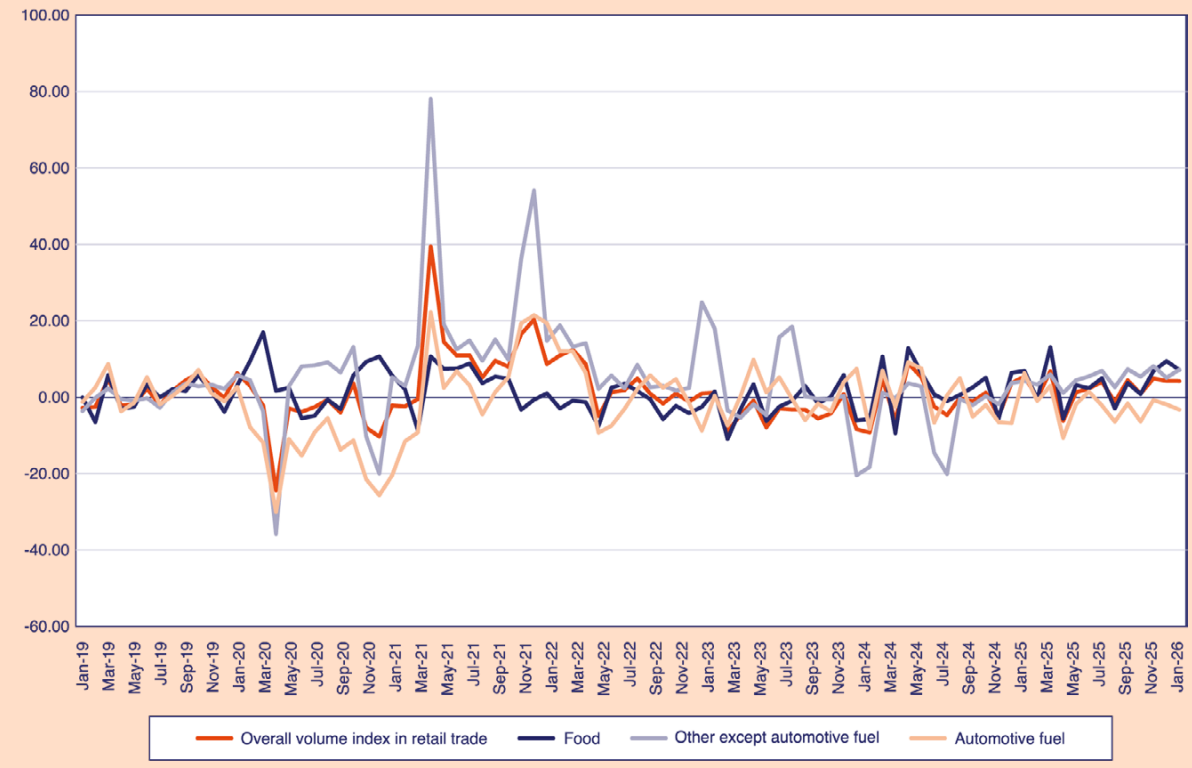
The positive outlook in retail trade in 2025 was confirmed with the exception of automotive fuel

The evolution of retail trade in terms of percentage changes of the overall volume index, based on ELSTAT monthly data, remained on average positive both in 2025 (2.16%) and in the first two months of 2026 (4.23%), as opposed to the average negative percentage change in 2024 (-1.45%) (Figure 1.2.7). Food items showed a continuous increase in terms of average percentage changes from 0.92% in 2024 to 3.25% in 2025 and 8.28% in the first two months of 2026. A similar trend is observed in other items except automotive fuel where a negative average percentage change of -5.85% in 2024 turned into a positive one of 4.86% in 2025 and 6.16% in the first two months of 2026. The situation is completely different concerning automotive fuel where a small positive average percentage change in 2024 of 0.44% was followed by negative ones, i.e., -2.23% in 2025 and -2.60% in the period between January and February of 2026. To conclude, the positive outlook for retail trade that we identified in the previous issue of the *Greek Economic Outlook* was confirmed as far as it concerns the year 2025 and seems to extend to the first months of 2026. This observation refers to both the overall volume index and its main components except the automotive fuel.

Persistent uncertainty of expectations in retail trade

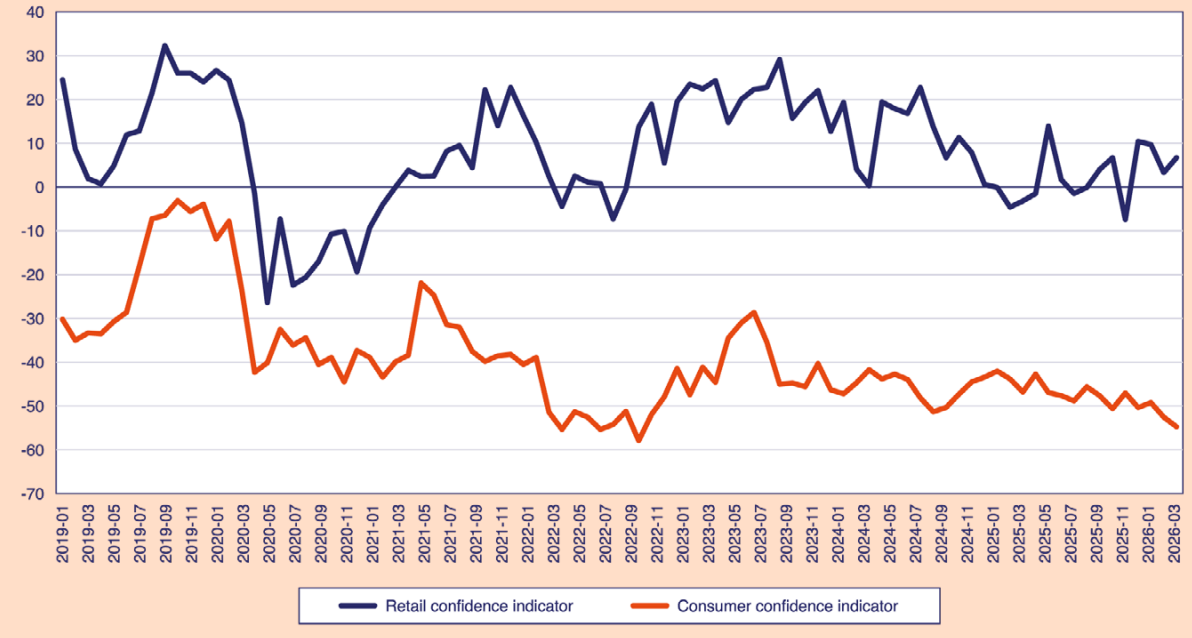
Despite the above positive developments, confidence indicators published by Eurostat (Figure 1.2.8) indicate that the uncertainty in retail trade expectations continues. Despite the significant difference between the retail confidence indicator and the consumer confidence indicator, there is no clear trend of improvement in either of them. In terms of average values,

FIGURE 1.2.7
Percentage changes in the seasonally adjusted overall volume index and the main sector indices in retail trade



Source: ELSTAT, data processing by the author.

FIGURE 1.2.8
Confidence indicators in retail trade



Source: Eurostat, data processing by the author.

there is a slight fall in the consumer confidence indicator and large fluctuations in the retail confidence indicator. The consumer confidence indicator decreased from -45.98 in 2024 to -46.07 in 2025, and subsequently to -51.68 in the first four months of 2026. The corresponding values concerning the retail confidence indicator were 12.59 for 2024, 0.71 for 2025, and 7.53 for the first four months of 2026.

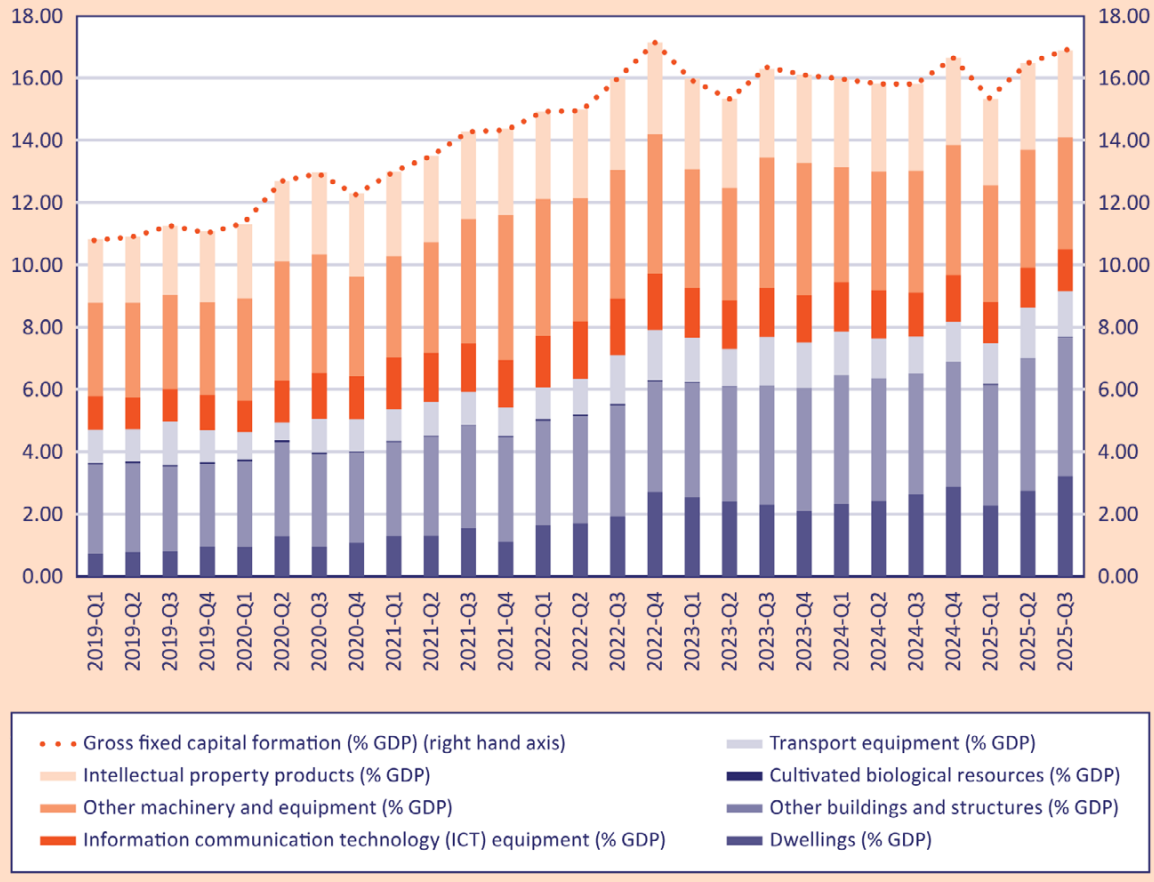
1.2.2.2. Investment

Rise in gross investment in 2025

Gross fixed capital formation increased from 9,356 million euros in the first quarter of 2025 to 10,218 million euros in the second quarter in current prices, and to 10,597 million euros in the third quarter of the same year, while it rose to 11,577 million in the fourth quarter of 2025. Similarly, in terms of chain-linked volumes in constant 2020 prices, gross fixed capital formation increased from 8,340 million euros in the first quarter of 2025 to 9,102 million euros in the second quarter, to 9,457 million euros in the third quarter and to 9,867 million euros in the last quarter of 2025. The same rising trend is observed in terms of percentage changes with respect to the corresponding quarter of the previous year with percentage changes in gross investment of -1.3% in the first quarter of 2025, 7.7% in the second quarter, 13.2% in the third quarter and 14% in the last quarter of this year. On the contrary, percentage changes with respect to the preceding quarter fluctuated, with values of -3.6% in the first quarter of 2025, 9.1% in the second quarter, 3.9% in the third quarter and 4.3% in the last quarter of that year according to the seasonally adjusted chain-linked volumes.

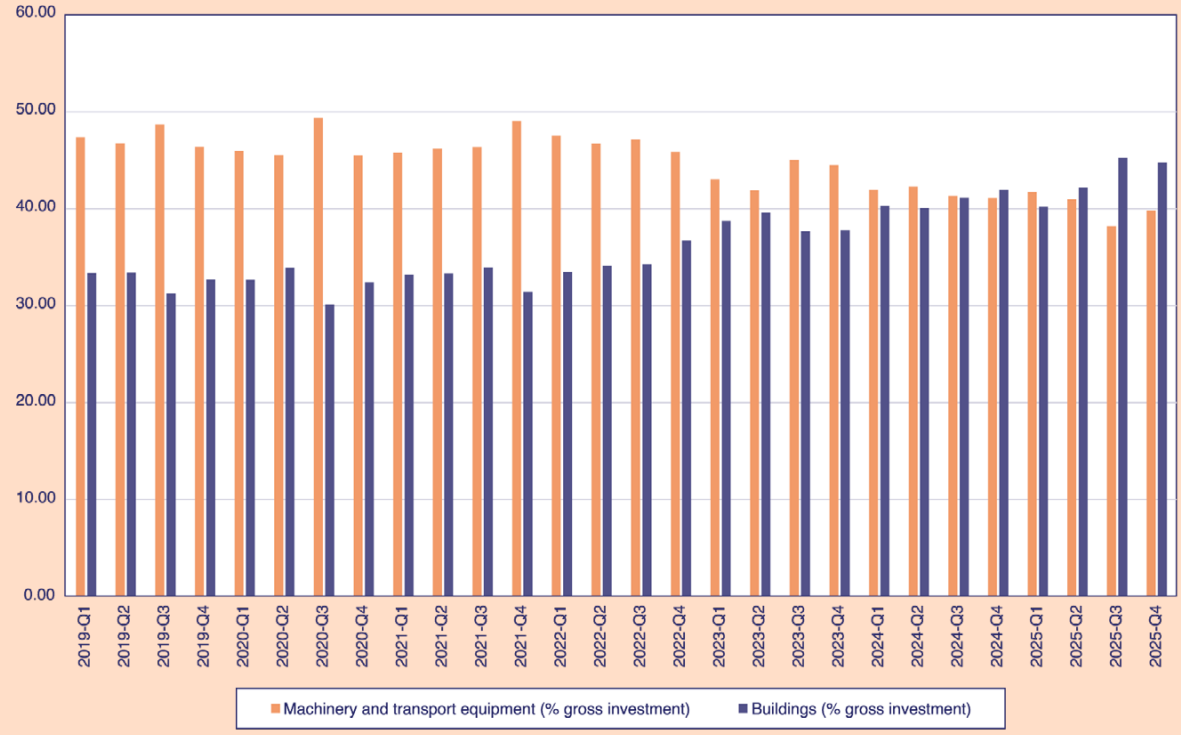
In terms of current prices and as a percentage of GDP (Figure 1.2.9), the average percentage change in gross fixed capital formation with respect to the

FIGURE 1.2.9
Gross fixed capital formation as a percentage of GDP (overall and by asset) (seasonally adjusted data in current prices)



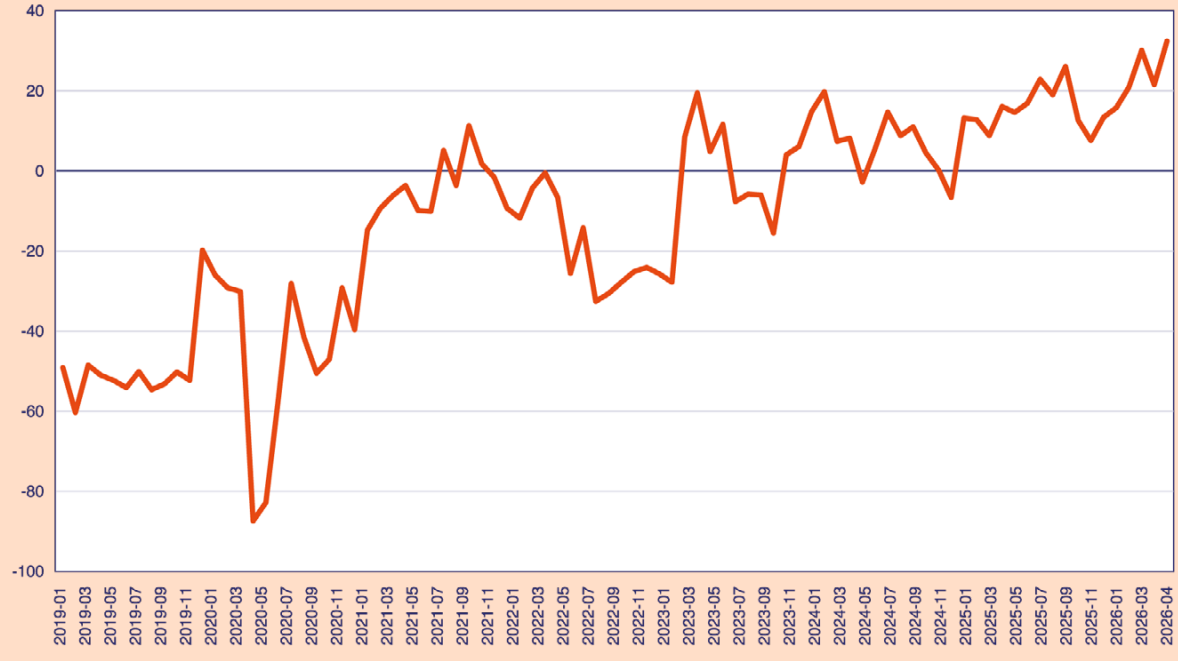
Source: ELSTAT, data processing by the author.

FIGURE 1.2.10
Machinery, transport equipment and buildings as a percentage of gross fixed capital formation



Source: ELSTAT, data processing by the author.

FIGURE 1.2.11
Construction confidence indicator



Source: Eurostat, data processing by the author.

previous quarter was positive and equal to 0.88% in 2024 and 3.06% in 2025. Concerning machinery and transport equipment as a percentage of GDP, a negative average percentage change of -1.05% for 2024 became 2.35% for 2025, while in buildings (dwellings and other buildings and structures) as a percentage of GDP, the positive average percentage change of 3.60% in 2024 increased to 4.98% in 2025. The above indicates the significant positive developments for gross investment that took place in 2025, with an emphasis on the construction sector.

Buildings maintained their higher share in gross investment at the expense of machinery and transport equipment

Figure 1.2.10 above indicates that the share of buildings in gross fixed capital formation increased on average from 40.86% in 2024 to 43.10% in 2025. Machinery and transport equipment shows the opposite trend with a fall in its share from 41.67% on average in 2024 to 40.17% of gross fixed capital formation in 2025. The above demonstrates that buildings maintained their leading role in gross investment, at least during the last three quarters of 2025, as depicted in the figure below.

Expectations in the construction sector maintain their rising trend

According to Figure 1.2.11 above, business expectations in the construction sector continue to rise with small fluctuations. In terms of average values, the indicator significantly improves since its average value of 6.99 for 2024 rose to 15.55 on average in 2025 and to 26.23 on average during the first four months of 2026. Therefore, there is continuous optimism in expectations in that sector.

1.2.2.3. Conclusions

The above analysis confirms our results presented in the previous issue of the *Greek Economic Outlook* concerning the positive developments in consumption and investment expenditure as well as in retail trade. In addition, our possible concerns are also confirmed. The continuous uncertainty in retail trade coupled with stagnation or even deterioration of the corresponding confidence indicators has become a source of possible concern. Moreover, the fact that the composition of gross investment is still dominated by buildings at the expense of machinery and transport equipment is a second source of possible concern. We need to reiterate at this point that the uncertainty in retail trade increases the sensitivity of the Greek economy to future demand shocks since our economy is crucially dependent on consumption expenditure. Therefore, consumption expenditure, from an element of demand stability, may turn into a factor of instability. Furthermore, the increasing dependence of the future course of the Greek economy on the real estate market and the fragility of the latter in times of crisis may undermine the transition to a more resilient and productive model of economic development.

KEPE, *Greek Economic Outlook,* issue 60, 2026, pp. 19-23

1.3. Developments in inflation in Greece and the Euro area

Aimilia Marsellou

Introduction

Inflation in Greece stood at 5.2% in May 2026, significantly higher than core inflation (3.4%), reflecting the surge in energy and fuel prices owing to the geopolitical tensions in the Middle East. Accordingly, inflation based on the Harmonised Index of Consumer Prices (HICP) stood at 5.0%, and the corresponding core index stood at 3.9%.

The individual CPI categories with the largest annual increases are Housing, water, electricity, gas and other fuels (+11.6%) and Transport (+11.5%), where the surge of the energy component (20.2% in May) played a decisive role, followed by Restaurants and accommodation services (+8.5%) and Food and non-alcoholic beverages (+3.5%). By contrast, decreases were recorded in Information and communication (-2.7%), Clothing and footwear (-0.9%) and, marginally, in Alcoholic beverages and tobacco (-0.1%) and Furnishings, household equipment and routine household maintenance (-0.1%).

The gap between goods and services inflation, which had remained significant in previous years, was almost eliminated in May 2026; it had, in fact, turned positive in April, when goods (5.5%) exceeded services (5.3%), as the rise in energy and fuel prices pushed goods inflation close to that of services.

Inflation in the euro area strengthened to 3.2% in May 2026, from 3.1% in April, while core inflation rose to 2.6%, from 2.2% the previous month.

The highest increases were recorded in the prices of Energy (11.0%, from -3.1% in February) and Services (3.5%), followed by Food, alcohol and tobacco (2.0%) and Non-energy industrial goods (0.9%).

The highest inflation rates in the euro area are observed in Bulgaria (6.3%), Lithuania (5.1%) and Greece (5.0%), while the lowest are recorded in Malta (2.1%), Germany (2.7%) and France (2.8%).

1.3.1. Greece

According to the monthly data of ELSTAT, the National Consumer Price Index (CPI) recorded an annual rate of increase of 5.2% in May 2026, marking a slight decline relative to the 5.4% of the previous month (Table 1.3.1). At the same time, core CPI (that is, the index that excludes volatile components such as energy and food) posted an annual increase of 3.4%, higher than the 3.1% recorded in April 2026. On a monthly basis, the CPI remained unchanged compared with the previous month.

According to Eurostat estimates, in May 2026 inflation based on the HICP stood at 5.0%, higher than the 4.6% in April, while the corresponding core index rose to 3.9%, from 2.9% the previous month.

The CPI sub-indices of the goods and services groups with the largest annual increase in May 2026 (Table 1.3.3) are Housing, water, electricity, gas and other fuels (11.6% versus 13.8% in April), Transport (11.5% versus 10.0% in April) and Restaurants and accommodation services (8.5% versus 6.1% in April), followed by Food and non-alcoholic beverages (3.5% versus 4.4% in April). Decreases were recorded in Information and communication (-2.7% versus -2.2% in April), Clothing and footwear (-0.9% versus 2.0% in April) and, marginally, in Alcoholic beverages and tobacco (-0.1%) and Furnishings, household equipment and routine household maintenance (-0.1%).

The largest impact on the formation of inflation in May 2026 came from the group Housing, water, electricity, gas and other fuels, with 1.68 percentage points, followed by Transport with 1.62 pp, Restaurants and accommodation services with 1.03 pp and Food and non-alcoholic beverages with 0.73 pp, while a negative impact came mainly from Information and communication, with -0.13 pp.

A large part of the impact of Housing, water, electricity, gas and other fuels and of Transport is of energy origin. Directly, the energy component is embedded in Housing, water, electricity, gas and other fuels (through electricity, natural gas, heating oil and solid fuels) and in Transport (through motor fuels), while indirectly it is passed through, via production and distribution costs, to a broader range of categories (transport services, dwelling maintenance, personal care). The high impact of these two groups therefore reflects the international energy shock rather than generalised domestic pressures.

The energy component of the HICP constitutes the main driver of the surge in inflation, as a consequence of the geopolitical crisis in the Middle East. After a prolonged period of negative annual changes throughout 2025 and up to February 2026 (-3.4%), energy abrupt-

TABLE 1.3.1 Inflation in Greece (%)

	National CPI	CPI (m-o-m, %)	Headline Inflation CPI (y-o-y, %)	Core Inflation (y-o-y, %)	Harmonized Inflation (y-o-y, %)	Core HICP (y-o-y, %)
2025M05	120.6	0.2	2.5	3.6	3.3	4.0
2025M06	121.5	0.8	2.8	3.5	3.6	4.2
2025M07	121.0	-0.4	3.1	3.9	3.7	4.3
2025M08	121.1	0.1	2.9	4.2	3.1	3.9
2025M09	122.1	0.8	1.9	3.2	1.8	2.6
2025M10	122.2	0.1	2.0	2.8	1.6	2.0
2025M11	122.2	0.1	2.4	2.8	2.8	3.2
2025M12	122.6	0.3	2.6	3.1	2.9	3.2
2026M01	121.6	-0.8	2.5	3.3	2.9	3.3
2026M02	121.7	0.1	2.7	3.2	3.1	3.5
2026M03	124.9	2.6	3.9	3.1	3.4	2.7
2026M04	126.8	1.5	5.4	3.1	4.6	2.9
2026M05	**126.9**	**0.0**	**5.2**	**3.4**	**5.0**	**3.9**

Source: ELSTAT, Eurostat.

Note: CPI: Consumer Price Index; HICP: Harmonised Index of Consumer Prices.

TABLE 1.3.2 Evolution of prices in the energy component of the HICP and in its sub-components (2025=100) (annual percentage changes %)

	1-25	2-25	3-25	4-25	5-25	6-25	7-25	8-25	9-25	10-25	11-25	12-25	1-26	2-26	3-26	4-26	5-26
Total	3.1	3.0	3.1	2.6	3.3	3.6	3.7	3.1	1.8	1.6	2.8	2.9	2.9	3.1	3.4	4.6	5.0
Energy	2.6	1.6	0.2	-4.7	-1.5	2.0	0.7	-1.9	-3.7	-3.1	0.3	-1.2	-4.4	-3.4	7.7	21.6	20.2
Electricity	5.9	6.7	10.4	4.7	18.0	23.1	18.9	7.7	-3.7	-3.3	4.5	4.1	2.4	3.0	2.4	14.0	5.9
Natural gas through networks	26.5	41.1	54.5	29.9	11.1	4.4	4.4	-2.0	-10.2	-6.3	-12.4	-20.1	-25.8	-19.3	-25.2	19.3	21.0
Liquefied hydrocarbons	-0.4	-3.5	-4.7	-0.5	-1.7	-2.6	-3.3	-1.0	-0.5	-1.0	0.0	-2.4	0.3	-0.9	1.5	3.0	2.9
Liquid fuels	-2.8	-6.0	-8.8	-12.9	-12.9	-12.9	-12.9	-12.9	-12.9	-4.3	-1.1	-4.7	-9.5	-7.7	24.6	53.2	53.2
Solid fuels	-4.2	-2.6	-2.9	-3.8	-3.9	-3.4	-2.9	-3.1	-1.6	1.0	1.6	0.5	1.2	0.5	1.2	2.7	2.6

Source: ELSTAT.

ly reversed its course, surging to 7.7% in March, 21.6% in April and 20.2% in May 2026 (Table 1.3.2). The contribution of liquid fuels was decisive: their prices, from negative territory (-7.7% in February), soared to 53.2% in April and May. The reversal in natural gas was also pronounced (from -25.2% in March to 21.0% in May), while electricity followed a milder path, with its annual rate peaking at 14.0% in April and easing to 5.9% in May. Liquefied hydrocarbons (2.9%) and solid fuels (2.6%) moved at low positive levels.

Inflation based on the National Overall CPI in May 2026 (5.2%) is the combined result of the changes in the sub-indices across the following groups of goods and services. Specifically, the following increases were recorded:

- 11.6% in the group Housing, water, electricity, gas and other fuels, owing mainly to price increases in

rentals for dwellings (7.7%), repair and maintenance of the dwelling (6.8%), miscellaneous services relating to the dwelling (5.7%), electricity (5.9%), natural gas (21.0%), heating oil (53.2%) and solid fuels (2.6%).

- 11.5% in the group Transport. This increase, which is due mainly to the rise in the prices of new motorcars (1.2%), parts and accessories for personal transport equipment (2.7%), diesel (24.4%), petrol (21.5%), other fuels (34.8%), maintenance and repair of personal transport equipment (4.5%), other services related to personal transport equipment (4.0%) and tickets for passenger transport by air (19.2%), was partly offset by the decrease mainly in the prices of second-hand motorcars (-2.7%).

- 8.5% in the group Restaurants and accommodation services, owing mainly to price increases in restaurants-confectioneries-fast food-canteens (8.5%) and hotels-motels-inns (9.5%).

- 3.5% in the group Food and non-alcoholic beverages. This increase, which is due mainly to the rise in the prices of bread and bakery products (0.9%), beef (17.6%), pork (1.7%), lamb and goat (16.2%), poultry (6.0%), dried, salted or smoked meat (4.9%), other meat preparation (4.5%), fish dried, salted or smoked (12.6%), milk, cheese and eggs (2.7%), margarine and other vegetable fats (10.6%), fruits (3.5%), vegetables (4.1%), sugar-confectionery and desserts (2.0%) and coffee (5.2%), was partly offset by the decrease mainly in the prices of breakfast cereals (-7.8%), fresh or frozen fish (-3.5%) and olive oil (-11.1%).

- 1.2% in the group Health. This increase, which is due mainly to the rise in the prices of medical products (3.1%), outpatient care services (2.3%) and inpatient care services (1.9%), was partly offset by the decrease mainly in the prices of pharmaceutical products (-0.8%).

- 1.4% in the group Recreation, sport and culture, owing mainly to price increases in garden products and pets (3.8%), recreational services (1.9%) and package holidays (5.9%).

- 2.8% in the group Education services, owing mainly to price increases in fees of pre-primary and primary education (3.2%) and fees of secondary education (3.2%).

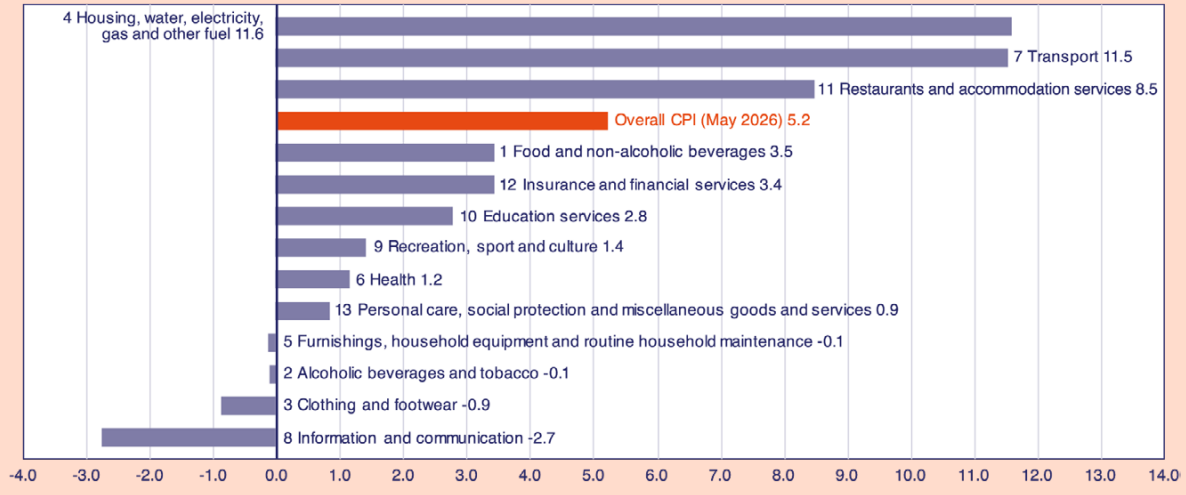
- 3.4% in the group Insurance and financial services, owing mainly to price increases in private insurance connected with health (7.0%) and motor vehicle insurance (1.9%).

- 0.9% in the group Personal care, social protection and miscellaneous goods and services. This increase, which is due mainly to the rise in the prices of hairdressing salons and personal grooming establishments (3.8%), jewellery and watches (16.2%) and other services (3.6%), was partly offset by the decrease mainly in the prices of other appliances, articles and products for personal care (-0.9%) and other personal effects n.e.c. (-3.4%).

On the other hand, prices recorded decreases in the following groups of goods and services by:

- -0.1% in the group Alcoholic beverages and tobacco, owing mainly to the decrease in the prices of alcoholic beverages (not served) (-0.7%).

FIGURE 1.3.1
Annual % changes in National CPI sub-categories (May 2026)



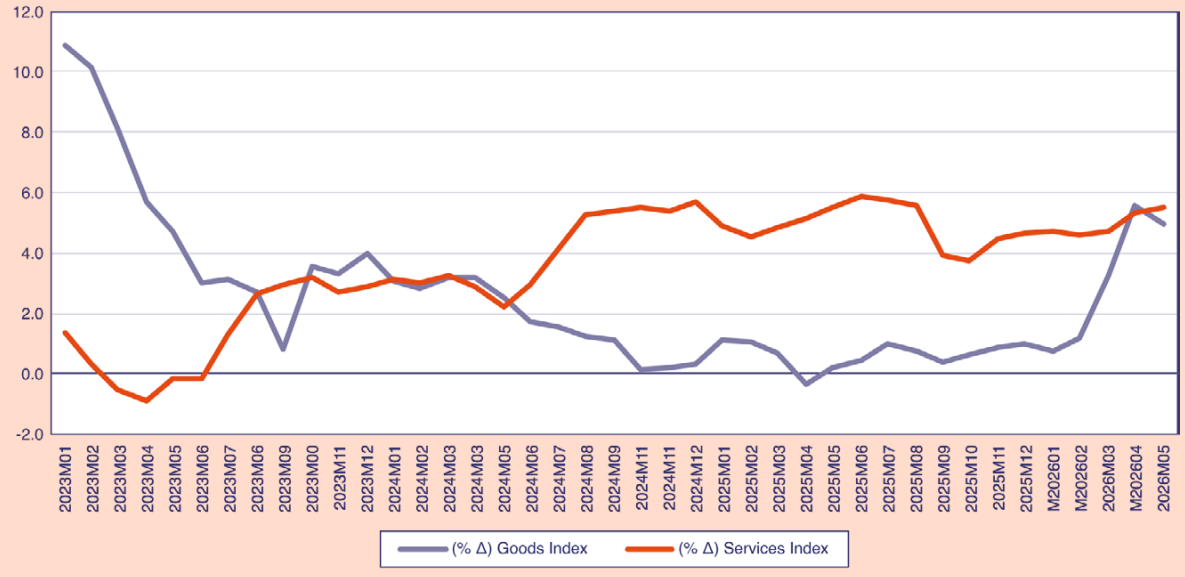
Source: ELSTAT.

TABLE 1.3.3 Annual % changes in National CPI sub-categories, January 2026-May 2026

Groups of goods and services	Jan.	Feb.	Mar.	Apr.	May
1 Food and non-alcoholic beverages	4.5	5.2	4.5	4.4	3.5
2 Alcoholic beverages and tobacco	2.0	0.0	0.9	1.4	-0.1
3 Clothing and footwear	8.0	10.1	2.1	2.0	-0.9
4 Housing, water, electricity, gas and other fuels	2.1	2.6	5.7	13.8	11.6
5 Furnishings, household equipment and routine household maintenance	-0.5	0.0	0.2	0.1	-0.1
6 Health	0.4	0.5	1.4	1.2	1.2
7 Transport	0.9	1.0	8.1	10.0	11.5
8 Information and communication	-1.6	-2.4	-2.3	-2.2	-2.7
9 Recreation, sport and culture	2.0	1.5	0.7	1.0	1.4
10 Education services	2.8	2.8	2.8	2.8	2.8
11 Restaurants and accommodation services	6.8	6.5	6.1	6.1	8.5
12 Insurance and financial services	1.5	1.5	1.5	3.5	3.4
13 Personal care, social protection and miscellaneous goods and services	-0.7	-0.6	-0.4	1.2	0.9
Overall Index	**2.5**	**2.7**	**3.9**	**5.4**	**5.2**

Source: ELSTAT.

FIGURE 1.3.2
Goods and Services price indices, monthly data, annual % change



Source: ELSTAT.

• -0.9% in the group Clothing and footwear, owing to the decrease in the prices of clothing and footwear (-0.9%).

• -0.1% in the group Furnishings, household equipment and routine household maintenance. This decrease, which is due mainly to the fall in the prices of household appliances and repair (-3.3%) and non-durable household goods (-1.2%), was partly offset by the increase mainly in the prices of domestic services (3.4%).

• -2.7% in the group Information and communication, owing mainly to the decrease in the prices of information and communication equipment (-3.6%),

mobile communication services (-3.1%) and bundled communication services (-2.3%).

The gap between goods and services inflation, which had remained significant over the past nearly two years, was eliminated by May 2026 (Figure 1.3.2). While in January services prices rose by 4.7% versus only 0.7% for goods, the surge in energy and fuel prices from March onwards pushed goods inflation sharply upwards, which in April (5.5%) exceeded that of services (5.3%), reversing the sign of the gap. In May, goods (5.0%) fell marginally below services (5.5%), with the two categories now moving at almost the same levels.

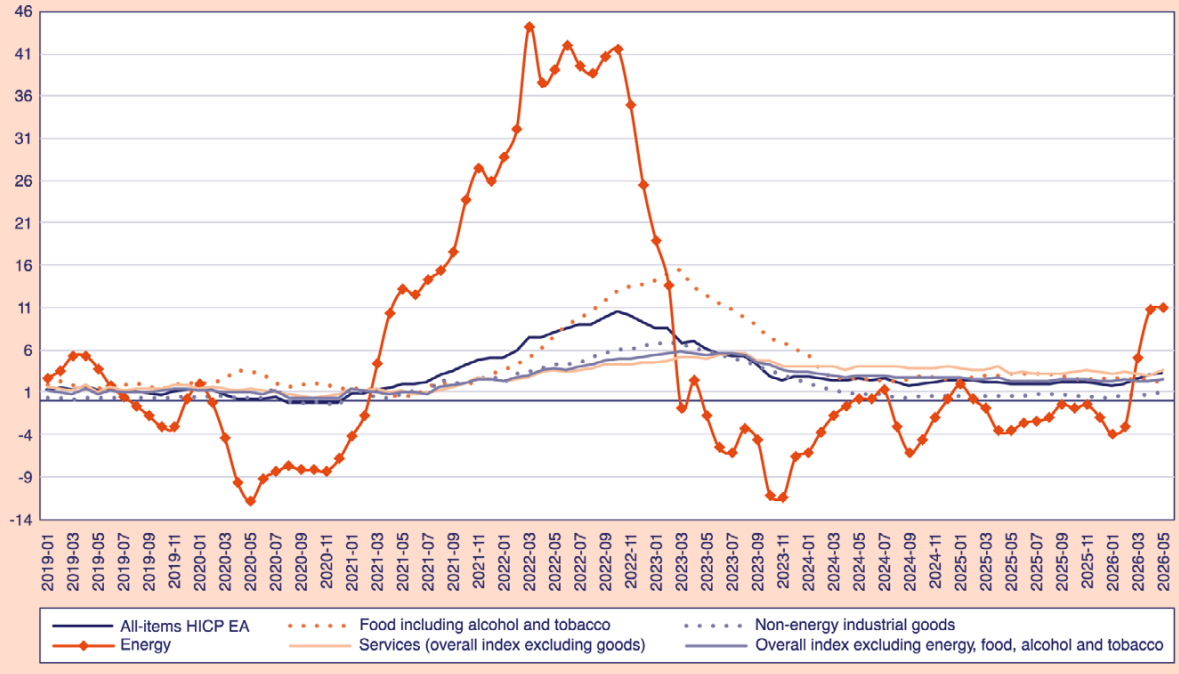
1.3.2. Euro area

According to Eurostat data, inflation in the euro area stood at 3.2% in May 2026, recording a marginal increase relative to April (3.1%). The trend in core inflation was similar, standing at 2.6%, from 2.2% the previous month.

With regard to the individual components of inflation in the euro area, the highest rate is recorded in Energy (11.0% versus 10.8% in April), followed by Services (3.5% versus 3.0% in April) and the category Food, alcohol and tobacco (2.0% versus 2.4% in April). Non-energy industrial goods continue to move at lower rates (0.9% versus 0.8% in April).

At the cross-country level, the highest inflation rates in the euro area in May 2026 were recorded in Bulgaria (6.3%), Lithuania (5.1%) and Greece (5.0%), followed by Croatia (4.9%) and Luxembourg (4.5%). At the opposite end, the lowest rates were recorded in Malta (2.1%), Germany (2.7%) and France (2.8%). Among the larger economies, inflation stood at 3.3% in Italy and at 3.6% in Spain.

FIGURE 1.3.3
HICP in the euro area, monthly data, annual % change



Source: Eurostat.

1.4. Factor model forecasts for the short-term prospects in GDP

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Ersi Athanassiou,
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Emilia Marsellou,
Theodore Tsekeris

This section presents the revised forecasts of KEPE concerning the evolution of the rate of change of real GDP in Greece in year 2026.[1] The forecast is conducted using KEPE's dynamic structural factor model.[2] The underlying time series database used to estimate the model and produce the forecasts includes 125 variables,[3] covering the main aspects of economic activity in the country on a quarterly basis and spanning the period from the first quarter of 2000 up to the first quarter of 2026.

The latest data taken into account in this forecast, which refer to the last quarter of 2025 and the first quarter of 2026, reflect a generally stable trajectory for the Greek economy, with only limited indications of impacts from the outbreak of the conflict in the Middle East toward the end of this period. According to preliminary data from ELSTAT's *Quarterly National Accounts*, Greece's GDP growth rate reached 2.3% in the last quarter of 2025 and stood at 2.0% in the first quarter of 2026 on an annual basis, a fairly stable performance, especially when compared to the significant decline in the corresponding growth rate for the EU average (0.7% in the first quarter of 2026, down from 1.4% in the last quarter of 2025). The primary cause of this particular development in the European economy was the steep plunge in Ireland's GDP at the beginning of this year, a temporary disruption related to the activity of multinational companies which form the backbone of the Irish economy. Aside from this effect, recent EU GDP growth developments also reflect, to some extent, the widespread pressures resulting from the accumulation of a multitude of adverse factors and disruptions, such as the intense level of competition from third countries, international trade tensions, and disruptions to the fuel supply chain caused by the crisis in the Strait of Hormuz.

Amid the uncertainties associated with developments in the international environment, the growth of the Greek economy this year is being driven by multiple factors, including rising incomes and employment, the absorption of funding from the Recovery and Resilience Facility and other EU programmes, the fiscal stimulus from the recovery in public consumption, the strengthening of the public investment programme, and the favourable trend in demand for the products and services of key sectors of the economy. These factors underpin the observed robust growth in fixed capital investment, which has been a key contributor to GDP growth in recent quarters, while also helping to mitigate the impact of inflationary pressures on private consumption, which remains on an upward trend but has seen a notable slowdown in its growth rate since the beginning of this year.

In the above context, Table 1.4.1 presents the econometric estimates for the rate of change of Greece's real GDP in 2026, based on KEPE's factor model and incorporating data up to the first quarter of the year.[4] According to the estimates, the average annual rate of change of real GDP for the whole of 2026 is projected at 1.9%, an estimate suggesting that the Greek economy remains on a growth trajectory, with a slight decline in the GDP growth rate compared to the previous year (2.1%). This outlook reflects the largely positive trend in the variables incorporated into the forecast.

More specifically, focusing on the most recent data for the first quarter of 2026, the *Quarterly National Accounts* data at constant prices, compared to the corresponding quarter of 2025, show an upward trend for the key components of domestic demand, with the exception of changes in inventories, which continue to dampen GDP growth for the fourth consecutive quarter. Beyond developments in domestic demand, the contribution of the external sector was also positive this quarter, as exports of goods increased and

1. The date of the forecast is June 9, 2026.

2. A detailed description of the model can be found in Issue 15 (June 2011, pp. 19-20) of KEPE's scientific journal entitled *Greek Economic Outlook*. See https://www.kepe.gr/images/oikonomikes_ekselikseis/issue_15enb.pdf.

3. The database incorporates both real economy and nominal variables, as well as a considerable number of variables reflecting expectations and assessments of economic agents, as reported in earlier issues of the *Greek Economic Outlook*. The seasonal adjustment of the time series is carried out by use of the Demetra+ software, using the TRAMO/SEATS filter.

4 According to the most recent ELSTAT *Quarterly National Accounts* publication, dated June 5, 2026.

TABLE 1.4.1 Real GDP rate of change in year 2026 (%, y-o-y)

	2026		
Quarters	**2026Q2**	**2026Q3**	**2026Q4**
Quarterly rate of change	2.39 [2.28 , 2.50]	1.74 [1.53 , 1.96]	1.45 [1.13, 1.77]
Mean rate of change, 1st half *	2.21 [2.15, 2.26]	-	
Mean rate of change, 2nd half	-	1.60 [1.33, 1.86]	
Mean annual rate of change *		**1.90 [1.74, 2.06]**	

Note: Values in brackets indicate the lower and upper boundaries of the 95% confidence interval of the forecasts. *The mean rate of change for the first half of 2026 and the mean annual rate of change for 2026 incorporate the officially available (provisional) data for the first quarter of 2026, on a seasonally adjusted basis.

imports declined slightly, while in services, the rise in exports more than offset the increase in imports.

Regarding the course of indicators reflecting the activity of key sectors of the economy, developments in the first quarter of 2026 as compared to the corresponding quarter of the previous year were mostly positive. First, in the industry sector, the overall industrial production index and the turnover index in industry registered increases, both in total and across all major subcategories. In the trade sector, the volume index in retail trade increased significantly, as positive growth rates were recorded in six of the eight relevant subcategories, and more particularly *furniture-electrical and household equipment*, *books-stationery-other goods*, *pharmaceutical products-cosmetics*, *supermarkets*, *food-beverages-tobacco* and *department stores*. In the tourism sector, travel receipts registered a major increase, more than doubling compared to the same period last year. Concerning the course of the domestic labour market, in the first quarter of 2026, the number of persons employed increased by 1.3% compared to the first quarter of the previous year, while the number of unemployed persons increased by 4.2%.

With respect to price data for the first quarter of 2026, developments in the energy and inflation indices were influenced by the sharp increases that occurred in March due to the conflict in the Middle East. Concerning energy costs, the Brent oil price index rose significantly compared with the previous quarter, while a modest increase was also recorded in the European harmonized energy price index for Greece. At the same time, average inflation picked up significantly as compared to the previous quarter, although the strong inflationary pressures that emerged in later data for April and May are not incorporated in the forecast. In terms of the yield of Greece's ten-year government bond, which is linked to the levels of uncertainty in the economy, a slight increase was observed compared to the fourth quarter of 2025, accompanied by a marginal rise in the relative spread against the corresponding German bond. With regard to indicators reflecting the expectations and assessments of economic agents regarding the course of the economy, developments in the first quarter of 2026, compared to the fourth quarter of the previous year, were indicative of a stable economic sentiment in Greece and a small improvement in the economic sentiment in Europe, while business expectations in Greece strengthened significantly in the industrial and construction sectors.

The growth outlook for the Greek economy in 2026, based on the projections derived from the above data, is subject to risks related to the unstable and volatile external environment, but is supported by factors contributing to increased investment activity, such as increased disbursements from the Recovery and Resilience Fund, the expanded public investment programme, and strong growth in the construction sector. As for private consumption, developments in the coming period will be positively influenced by the policy mix regarding wages and household taxation, but will also depend on the trajectory of inflation, which is directly linked to international geopolitical developments. With regard to the external sector, current conditions pose significant challenges for Greek exports of goods, both due to the impact of the Middle East conflict on the important export sector of petroleum products, as well as the expected slowdown in the growth rate of the European economy in 2026, which may affect demand for Greek products from EU countries. With regard to international trade in services, geopolitical instability is affecting revenues from transportation services, while in the tourism sector, Greece's resilience is bolstered by the strong demand recorded in the first quarter of the year

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1.5. Recent developments and prospects of the global economic activity: Destabilization of the global economy amid a major disruption in international energy markets[1]

Aristotelis Koutroulis

The war between the US and Iran has overturned the initially positive expectations for the global economy in 2026. With the direct or indirect involvement of other Gulf states, as well as the closure of the Strait of Hormuz, international energy prices skyrocketed, affecting every aspect of global economic activity and international trade. An end to the war and the restoration of a steady global supply of energy products are essential prerequisites for the normalization of economic conditions in the second half of the year.

1.5.1. Recent developments and short-run prospects of the global economy

Taking the 2008 Global Financial Crisis as a starting point, the past two decades have been marked by a succession of global-scale events, each of which was destined to leave its own mark on the global economic landscape. Whether these are purely economic events—disruptions in the banking system, the European debt crisis, the rise of protectionism—or events whose root causes extend beyond the realm of economics—such as a health crisis and geopolitical tensions—these events share common characteristics: their vast geographical scope, their significant economic impact, and the high degree of uncertainty they create for all key economic actors. The recent flare-up of geopolitical tensions in the Middle East, which began on February 28 with military operations by the US and Israel against Iran, also falls into this category of events.

Right up until the outbreak of hostilities, the global economy appeared poised to maintain the momentum of the previous year, supported by strong private consumption, increased investment in cutting-edge technologies, favorable financing conditions for households and businesses, stable labor market conditions, and a moderation in inflation. Even international trade appeared set to remain on a recovery track despite a significant increase in tariff protection and considerable uncertainty surrounding trade policy.

The situation changed dramatically with the start of the bombings in Iran on the last day of February. The indirect involvement of neighboring countries that make a significant contribution to the global supply of oil and natural gas, the destruction of part of Iran's oil extraction and refining infrastructure, and especially the blockade of the Strait of Hormuz were bound to trigger a new disruption in global energy markets. International prices for liquefied natural gas (LNG), crude oil, and key derivatives such as gasoline and kerosene skyrocketed. A direct consequence of these developments was a deterioration in the terms of trade for countries that import energy products, a rise in the general price level, and, consequently, a decline in real household incomes, corporate profits, and economic activity more broadly.

Three months after the start of the armed conflict, some signs of a return to normalcy have begun to emerge, as the political leaderships of the US and Iran have expressed a willingness to resolve any differences through diplomatic channels. However, with the relevant talks still in their early stages and incidents of hostilities being the rule rather than the exception, significant economic uncertainty is the dominant factor in most of the world's economies. As long as the significant lack of confidence in the global economic outlook persists, downward pressure on domestic consumption and investment in most economies will continue to mount, thereby amplifying the overall impact of the war on global economic activity. International money and capital markets are expected to face similar pressures due to the high level of uncertainty prevailing among investors. Already, many institutional investors have significantly restructured their portfolios by shifting funds from the developing world to safer investments in advanced economies.

All of the above have led international organizations to revise (downward) their initial forecasts for 2026. More specifically, compared to 2025, the rate of growth in global GDP this year is estimated to be 0.3 to 0.6 percentage points lower (see Table 1.5.1). The main scenario underlying these projections is based on the

1. At the time of writing, the United States and Iran had not yet signed an agreement to bring an end to the armed conflict in the Middle East.

TABLE 1.5.1 Real Gross Domestic Product[1, 2] (annual percentage changes)

	2025*				2026**				2027**			
	IMF	EC	OECD	UN	IMF	EC	OECD	UN	IMF	EC	OECD	UN
World economy	3.4	3.4	3.4	3.4	3.1	2.8	2.8	2.9	3.2	3.2	3.1	3.3
Advanced economies	1.9	2	:	1.7	1.8	1.7	:	1.5	1.7	1.8	:	1.7
USA	2.1	2.1	2.1	2.1	2.3	2.2	2	2	2.1	2.1	1.8	2
Euro Area	1.4	1.4	1.4	1.4	1.1	0.9	0.8	0.9	1.2	1.2	1.2	1.2
Japan	1.2	1.2	1.1	1.2	0.7	0.6	0.6	0.8	0.6	0.6	0.8	1.1
United Kingdom	1.3	1.4	1.4	1.4	0.8	0.7	0.9	0.7	1.3	1.2	1.1	1
Developing economies	4.4	4.5	:	4.6	3.9	3.7	:	3.9	4.2	4.2	:	4.3
Brazil	2.3	2.3	2.3	2.3	1.9	2	1.6	2	2	1.8	2.1	2.3
Russia	1	1	1	1	1.1	1.3	0.6	1	1.1	1.1	0.8	1
India	7.6	7.6	7.6	7.5	6.5	6.1	6.3	6.4	6.5	6.4	6.4	6.6
China	5	4.9	5	5	4.4	4.5	4.5	4.6	4	4.4	4.3	4.5

Sources: IMF (2026), European Commission (2026), OECD (2026), and United Nations (2026).

* Estimations, ** Projections.

Notes: [1] The observed differences between the available macroeconomic projections partly reflect the differences between the macro-econometric models and the data used by each international organization.

[2] The sub-group of emerging economies is included in the group of developing economies.

assumption that international oil prices will gradually decline during the second half of the year until they reach $80 per barrel toward the end of 2026. Under the same scenario, the annual growth rate of the global economy is expected to increase marginally in 2027 (see Table 1.5.1).

It should be noted that the overall impact of the war on global economic activity is extremely difficult to estimate with precision. Much will depend on the date of a definitive and irreversible cessation of hostilities and on the time required to repair the oil extraction and refining infrastructure damaged by the bombings. Also of critical importance is the actual time it will take to restore safe passage for oil tankers and other commercial vessels through the Strait of Hormuz. More generally, the greatest risks threatening the short-term outlook for the global economy are directly linked to developments in the Middle East and, by extension, to the trend in international prices for oil and its derivatives. In other words, the slowdown in the global economy could be much more severe than current estimates by international organizations suggest if negotiations between the US and Iran do not soon lead to a mutually acceptable peaceful resolution of the issue.

1.5.2. Inflation, employment, financial markets and investment

During the first two months of 2026, inflation in the majority of the world's economies continued to decline, thanks to the slowdown in inflation for goods and the relative stability of international energy prices (EC, 2026 and OECD, 2026). However, deflationary pressures reversed and turned into inflationary pressures immediately after the start of the bombings of Iran. The serious disruptions to the global economy's supply of LNG and oil very quickly triggered a series of ripple-effect price increases that began with fuel prices—primarily gasoline and kerosene—and culminating in higher food prices. According to the IMF's moderate scenario, which assumes the war in the Middle East will end soon, the increase in average annual inflation in the advanced and developing world is not expected to exceed 0.3% (IMF 2026) (see Table 1.5.2).

Sharp increases in international energy prices always carry the risk of triggering high and persistent inflation, as was the case with the energy shock caused in 2022 by Russia's war with Ukraine. However, the global economic environment today differs significantly from that of

TABLE 1.5.2 Inflation[1] (annual percentage changes)

	2025*			2026**			2027**		
	IMF	**EC**	**OECD**	**IMF**	**EC**	**OECD**	**IMF**	**EC**	**OECD**
World economy	4.1	:	:	4.4	:	:	3.7	:	:
Advanced economies	2.5	:	:	2.8	:	:	2.2	:	:
USA	2.7	2.6	2.6	3.2	3.5	3.7	2.1	2.1	2.1
Euro Area	2.1	2.1	2.1	2.6	3	2.8	2.2	2.3	2.4
Japan	3.2	3.2	3.2	2.2	2.3	1.8	2.3	2.4	2.2
United Kingdom	3.4	3.9	3.4	3.2	3.2	3.7	2.4	1.9	2.4
Developing economies	5.2	:	:	5.5	:	:	4.6	:	:
Brazil	5	5	5	4	:	4.4	3.4	:	3.6
Russia	8.7	8.7	8.7	5.6	5.7	6.4	4.3	4.8	4.5
India	2.1	2.2	2.1	4.7	4.6	4.8	4	4.1	4
China	0	-0.9	-0.1	1.2	-0.2	-0.1	1.5	0	2

Sources: IMF (2026), European Commission (2026), and OECD (2026).

* Estimations, ** Projections.

Note: [1] The sub-group of emerging economies is included in the group of developing economies.

2022. In 2022, the world had just emerged from a global pandemic that had left national economies with major imbalances. Furthermore, in 2022, demand was growing rapidly, labor markets were tight, and global supply chains were undergoing restructuring. In conclusion, compared to 2022, current economic conditions—sluggish demand, relatively loose labor markets, and stability in international production chains—limit the risk of a new cycle of high and persistent inflation (UN, 2026).

Nevertheless, the rise in inflation observed over the past three months appears to be undermining the very favorable conditions that prevailed in international money and capital markets before the outbreak of the war. The nervousness and concern prevailing among institutional investors, combined with the expected reluctance of central banks to cut their key interest rates, have already led to an increase in yields on government and corporate bonds with low credit ratings, as well as to declines in stock prices (EC, 2026; IMF, 2026; and OECD, 2026). Given the significant fluctuations in the foreign exchange markets and the rise of the dollar against weaker national currencies, the most acute problems in attracting international capital appear to be faced by economies that are energy-dependent on oil imports (IMF, 2026 and UN, 2026). In general, large portfolio investment houses now appear much more cautious and restrained, seeking the safety of government bonds from advanced economies with high credit ratings. For the majority of households and businesses in most parts of the world, this means less favorable borrowing terms.

Driven by investments in technologies related to the application of artificial intelligence—the construction of data centers, purchases of high-performance computers, and software upgrades—as well as investments in infrastructure projects related to the digitization of the economy and the energy transition, global investment activity in the first quarter of 2026 followed a remarkably stable trajectory (UN, 2026). However, recent economic conditions leave little room for optimism. The decline in financial institutions' confidence in the economy's outlook and the impending decline in corporate profitability (due to falling demand) will almost certainly limit companies' ability to raise liquidity. Furthermore, higher energy costs, a sharp rise in freight rates, and shortages of key raw materials exported from Gulf countries are expected to force many firms to rethink their investment activities (OECD, 2026). Under these circumstances, it will be very difficult for the rate of fixed capital formation to remain at the levels seen at the beginning of the year in the coming period.

At present, labor markets in most of the world's economies appear to have been unaffected by the armed conflict in the Middle East. It is interesting to note that in several advanced economies, unemployment rates are at historically low levels, with no significant change expected over the next two years (see Table 1.5.3) (EC, 2026; OECD, 2026; and UN, 2026).

TABLE 1.5.3 Annual unemployment rates (advanced economies)

	2025*		2026**		2027**	
	EC	OECD	EC	OECD	EC	OECD
USA	4.3	4.3	4.5	4.4	4.4	4.3
Euro Area	6.3	6.4	6.4	6.4	6.4	6.3
Japan	2.5	2.5	2.5	2.7	2.5	2.7
United Kingdom	4.8	4.8	5.2	5.5	5	5.3

Sources: European Commission (2026), and OECD (2026).

* Estimations, ** Projections.

Despite low unemployment rates and optimistic forecasts, the war's impact on key economic indicators may put labor markets under pressure, albeit with some time lag. For example, persistently high energy prices are very likely to exert downward pressure on both the production of manufactured goods (due to high production costs) and the supply of tourism services (due to high transportation costs and reduced tourist traffic), with direct implications for employment in the respective sectors. Furthermore, as high uncertainty and less favorable borrowing conditions negatively affect business investment activity, there is a possibility that the rate of new job creation will decline. In general, the main risk threatening the smooth functioning of the global economy–a protracted war in the Middle East and the emergence of a prolonged energy crisis–is also a potential destabilizing factor for labor markets in most regions of the world.

1.5.3. World trade and commodity prices

Despite the considerable uncertainty surrounding US tariff policy, the growth rate of international trade (goods and services) in 2025 was exceptionally strong, reaching 5% (see Table 1.5.4). A major factor contributing to this development was the sharp increase in businesses' pre-stockpiling during the first half of the year to avoid the higher tariffs imposed in the second half, strong demand for products and services related to the application of artificial intelligence, and sustained high demand for tourism services (IMF, 2026; OECD, 2026; and UN, 2026).

The very strong export performance of Asian countries such as China, Japan, and South Korea in the first two months of 2026 (OECD, 2026), combined with the US Supreme Court's decision last February to rule that the Donald Trump administration's extensive tariffs were unconstitutional (EC, 2026), raised expectations that international trade would retain a significant portion of its 2025 momentum. However, these expectations were dashed by geopolitical developments in the Middle East. The escalation of hostilities and the blockade of the Strait of Hormuz created enormous complications for international trade flows, particularly for exports of key energy products from the Persian Gulf countries. Within a short period of time, the average daily number of commercial ships passing through the Strait of Hormuz dropped from 95 to 5 or 6 vessels. At the same time, insurance premiums for tankers transiting the Persian Gulf rose significantly, as did the cost of transporting oil and its derivatives throughout the rest of the world (UN, 2026).

The situation in the Persian Gulf, through the rise in energy and transportation costs, is affecting nearly all as-

TABLE 1.5.4 World trade volume (annual percentage changes, goods and services)

	2025*	2026**	2027**
IMF	5.1	2.8	3.8
EC	4.3	2.1	3
OECD	5	3.1	2.9
UN	5	2.7	3.2

Sources: IMF (2026), European Commission (2026), OECD (2026), and United Nations (2026).

* Estimations, ** Projections.

pects of international trade, including services. A decline in global demand for tourism services is already evident due to the rise in airfares caused by a 60% surge in kerosene prices in April 2026 (UN, 2026). Under these circumstances, the annual growth rate of international trade (goods and services) is expected to slow significantly during 2026, declining by 1.9 to 2.3 percentage points (see Table 1.5.4).

According to estimates by the UN Department of Trade and Development, 38% of crude oil passes through the Strait of Hormuz during peacetime, 29% of automotive LPG, 19% of LNG, 19% of petroleum refinery products, and one-third of the fertilizers transported by sea worldwide (UNCTAD, 2026). These figures highlight the significant role of the Gulf States in the global supply of these products and, at the same time, explain why the war in the Middle East has led to a surge in the prices of oil and its key derivatives. Furthermore, the sharp fluctuations in oil prices in recent months highlight the high sensitivity of international energy markets to any new developments regarding the course of hostilities or the progress of peace talks.

Since the conditions that will arise following a definitive ceasefire agreement may be very different from those of the past, all the above make it extremely difficult to make valid predictions regarding the future trajectory of international oil prices and other key commodities. For example, while there is a risk of a significant delay in finding a definitive and irreversible solution to the problem, there is also the possibility that things will turn out better than currently appears to be the case.

Of course, there are also the more moderate scenarios put forward by international organizations. According to these scenarios, a definitive end to the war before the end of the first half of this year will create the conditions for the gradual restoration of a steady global supply of essential commodities produced by the Gulf states. Provided this occurs without significant deviations, international oil prices will decline during the second half of the year, pulling the prices of other basic commodities along with them (IMF, 2026; OECD, 2026; and UN, 2026).

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2. Fiscal developments

KEPE, *Greek Economic Outlook,* issue 60, 2026, pp. 31-39

2.1.The European Multiannual Financial Framework 2028–2034 and Greece

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2.1.1. The new Fiscal Framework and the challenges of the next decade

The European Union's (EU) Multiannual Financial Framework (MFF) for 2028–2034 is not just an accounting record of revenue and expenditure; it is also the central strategic mechanism through which the Union's political priorities are translated into financial flows and development directions (European Commission 2025f). Its formation takes place at a time of historical geopolitical, economic and demographic changes, which require a radical redefinition of the European strategy (European Council 2024).

The loss of traditional geopolitical stability, the widening productivity and innovation gap with the United States and China, as well as the rapid ageing of the population, make the new MFF a tool of existential importance. Europe is currently facing an "existential risk" if it fails to increase its growth rates. As highlighted in the Draghi report (2024), the EU's workforce is projected to shrink by around 2 million people per year by 2040, while the ratio of workers to pensioners will decrease from 3:1 to 2:1.

Europe will no longer be able to base its economic growth on population growth or the expansion of the labour force, as an ageing population and a reduction in the number of workers are putting increasing pressure on the economy and the welfare state. Under these conditions, boosting productivity emerges as the key sustainable response, through technological progress, innovation, investment, the use of artificial intelligence, the energy transition and deeper European integration.

In this context, the deepening of the Single Market emerges as a crucial factor in strengthening European competitiveness, as economic integration is considered a key prerequisite for achieving economies of scale, accelerating innovation and boosting investment (Letta 2024).

In this environment, the new MFF 2028–2034 becomes crucial, as it is called upon to act as the main financial and development pillar through which the EU will seek to strengthen its competitiveness, technological sovereignty, energy and defence autonomy, as well as cohesion among member states, in order to respond effectively to the structural challenges of the next decade.

For Greece, this period is the most critical milestone in the transition from the recovery of the previous decade to the consolidation of a new production model, which will guarantee long-term sustainable growth and fiscal stability, social cohesion and resilience in the face of asymmetric threats.

Greece, as a frontline member-state facing a production lag and severe regional disparities, is called upon to make use of this new framework to overcome the elements that maintain the high systemic risk, the "middle-tech trap", the distinctive cultural background and finally the extremes of the regulatory economic system, advancing the country's goals and shielding its national sovereignty within a strong Europe.[1]

2.1.2. The structure and objectives of the MFF 2028–2034

The MFF 2028–2034 is shaped around a set of strategic priorities aimed at strengthening the EU's eco-

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1. For an analysis of the growth-constrained model of the Greek economy, the need to overcome structural weaknesses and the necessary pursuit of the critical interrelated national goals (sustainable development, national power, life satisfaction, social cohesion and systemic resilience), see Petrakis (Ed.), *Alternative Greek futures, aims of the society and production prototype: Piecemeal policies and reforms* (forthcoming) and Petrakis (Ed.), *Rethinking growth in the Greek economy: The aims of Greek society* (forthcoming).

nomic resilience, social cohesion, competitiveness and geopolitical strength (European Commission 2025h). The focus is on investing in people and regions, promoting education, skills and social rights, and strengthening research, innovation and technological development. At the same time, emphasis is placed on the green and digital transition, strengthening the resilience and protection of citizens, as well as strengthening the Union's defence and security, with the aim of greater effectiveness and strengthening the EU's international presence and influence.

The implementation of policies links EU strategic planning with specialisation and implementation at national and regional levels through targeted plans, reinforcing the logic of multi-level governance. This approach enhances the transition from a fragmented funding system to a more coherent and programmatically integrated policy framework (European Commission 2025h).

In this context, the National and Regional Partnership Plans (NRPPs) are introduced, which consolidate a large part of the previously fragmented financial instruments under a single regulatory framework and a simplified governance system (European Commission, 2025f). NRPPs seek to link EU priorities more effectively to national and regional needs, enhancing the coherence, flexibility and results-orientation of policies.

The European Commission's proposal for the MFF 2028–2034 envisages a budget of around 2 trillion euros, which corresponds to 1.26% of the Gross National Income of the EU-27 (European Commission 2025a). As an indicative breakdown of priorities of the new MFF, approximately €865 billion are aimed at reducing regional disparities and supporting member states and regions, €409 billion are intended to boost competitiveness, innovation and economic growth, €49 billion are allocated to education and the promotion of democratic values through programmes such as Erasmus+ and AgoraEU, while around €200 billion aim to strengthen international cooperation and the geopolitical role of the Union (European Commission 2025a).

The architecture of the new MFF 2028–2034 shifts the focus away from the rationale of absorption towards a more results-oriented model, linking funding to the achievement of milestones and targets and to the implementation of reforms. The new model promises faster project implementation and a stronger connection of funding with measurable results and performance evaluation (Darvas et al. 2026). The transition from the "reimbursement of expenses" model to the performance-based model means that member states will only disburse resources if they achieve specific milestones and targets (Rubio & Alcidi 2026).

The Commission notes that the new MFF seeks to make the EU budget simpler, more flexible and more efficient through a harmonised single set of rules, the restructuring and consolidation of financial instruments and the adoption of a more integrated and strategic programming process (European Commission 2025b) —the overall budget increases, the key priorities are reduced from 7 to 4 and the funding programmes and funds are consolidated from 52 to 16 (European Commission 2025a).

The proposed reform of cohesion policy seeks better coordination between European investments and national reforms, so that EU funds are more effectively directed towards strategic objectives such as competitiveness, the green transition and the resilience of economies.

TABLE 2.1.1 The Pillars of the MFF 2028–2034

Pillars	Policy Area & Content	Percentage (%)
Pillar I	National and Regional Plans (NRPPs): Cohesion, Agriculture (CAP), Social Policies, Internal Security.	53% of the total MFF
Pillar II	Competitiveness, Prosperity & Security: Research (Horizon), European Competitiveness Fund, Defence and Space.	30% of the total MFF
Pillar III	External Action: Global Europe Programme, Support to Candidate Countries (Enlargement), Crisis Management.	11% of the total MFF
Pillar IV	European Public Administration: Operational expenditure of the EU institutions.	6% of the total MFF

TABLE 2.1.2 General objectives of the MFF 2028–2034

General Objective (GO)	Description
GO 1	Reducing regional disparities, strengthening cohesion and European cooperation.
GO 2	Support employment, education, skills and social inclusion.
GO 3	Support for the implementation of the Common Agricultural Policy (CAP).
GO 4	Support for the implementation of the Common Fisheries Policy (CFP).
GO 5	Protecting and strengthening democracy and the values of the European Union.

TABLE 2.1.3 Specific objectives of the MFF 2028–2034

Specific Objective (SO)	Thematic intervention units
SO 1	Sustainable prosperity in all regions.
SO 2	Defence and security of the European Union.
SO 3	Supporting the EU's human resources and social model.
SO 4	Quality of life: Agri-food, countryside, fisheries, and environment.
SO 5	Democracy, the Rule of Law and EU values.

The targeting of the MFF 2028–2034 is hierarchical, linking horizontal European priorities to national interventions (European Commission 2025a, 2025f, 2025h). The architecture of the MFF 2028–2034 can be analysed as a multi-layered programming system, in which the Union's broader strategic priorities are articulated through distinct policy axes and financial tools. The functional organisation of the formal structure reflects a systematic distinction between thematic policy areas and levels of implementation.

In this context, the analysis of the allocation of resources and priorities allows for a detailed representation of the structure of the new MFF around four main policy axes (or operational 'pillars'), which reflect the main directions of the European strategy for 2028–2034.

Pillar I brings together the nationally allocated resources in a single programming framework, which is reflected as the "Single Fund" and includes different financial instruments, such as the NRPPs, the Interreg programmes and the EU Facility.

At the operational level, the Pillar I Single Fund can be analysed as a multi-level targeting system, linking general policy areas to more specific implementation priorities. This approach reflects the distinction between general objectives, which express the main policy and funding areas of the Union, and specific objectives, which specify the directions for implementation in the context of the NRPPs.

2.1.3. The importance of the MFF 2028–2034 for Greece

According to the 2028–2034 MFF allocation for national and regional partnership projects, Greece is to receive a total of €49.2 billion (current prices) (European Commission 2025e). This amount is divided into 42.9 billion euros for general use allocation, €3.5 billion on migration, security and home affairs, as well as €2.8 billion for the Social Climate Fund.

The MFF 2028–2034 acquires strategic importance for Greece, as it is not just about the continuation of European funding, but also about the possibility of an overall development and geopolitical redefinition of the country in an environment of multiple transitions. In this context, the available resources create

prospects for accelerating convergence with the European average, strengthening the production base and upgrading critical infrastructure. At the same time, they offer the possibility of addressing structural challenges such as demographics, regional inequalities and brain drain, while strengthening Greece's role as an energy, transport and security hub in the Eastern Mediterranean.

2.1.3.1. Sustainable well-being

Achieving sustainable prosperity under the 2028-2034 MFF is at the heart of addressing regional disparities in Greece —several of its regions are experiencing a slowdown in growth and continue to record growth rates below the national or EU average (European Commission, 2022).

This strategy starts from enhancing the attractiveness of the regions, in order to make each region a sustainable destination for residence, work and investment, stopping the phenomenon of urbanization and brain drain. Central to this effort is strengthening the industrial base and promoting sustainable and competitive manufacturing.

Greece aims to produce high value-added products, incorporating stringent environmental and climate targets to accelerate a clean industrial transition. This process is ensured through the Just Transition mechanisms (European Commission n.d.-c), so that areas traditionally dependent on lignite or other polluting activities are socially and economically supported.

The MFF 2028–2034 is designed to support Europe in meeting its proposed 2040 climate target and achieving climate neutrality by 2050 (European Commission, 2025d). At the same time, the new fiscal framework has the potential to support EU countries such as Greece in dealing with demographic shrinkage, provided that investments focus on the creation of quality jobs. The adoption of a governance strategy based on measurable quality of life indicators, beyond the narrow limits of economic growth, allows for substantial convergence of the Greek regions with the European average.

Productive reconstruction is based on the digital transformation of businesses and public administration, as well as investment in Research, Development and Innovation (R&D&I). A key role here will be played by the interconnection of universities with local production, which allows the development of "smart" solutions that shield the national economy. At the same time, the social dimension of prosperity is promoted through the provision of affordable housing, with programmes that ensure quality housing for young people and vulnerable groups in the region.

Transport infrastructure and integration into the Trans-European Transport Network (TEN-T) are the backbone of Greece's territorial cohesion. Attention here is expected to shift to improving connectivity, both through road and rail axes and through high-speed digital networks, eliminating distances for remote areas. In the field of tourism, the new MFF opens up the prospects for a shift away from the mass holiday model towards sustainable tourism that respects local resources and extends the tourist season.

Finally, environmental shielding of the country through the new MFF is non-negotiable. Rational water management and the continuous reduction of pollutant emissions are combined with active environmental protection. Strengthening resilience to climate change and protecting biodiversity are not only ecological imperatives, but prerequisites for the survival of local economies, ensuring that today's growth does not mortgage the future of coming generations.

2.1.3.2. Security, defence, energy and preparedness

Strengthening the European defence industry is emerging as a crucial factor in maintaining the Union's technological leadership (European Parliament n.d.). In this context, the budget for Defense and Space is expected to show an impressive increase, reaching €131 billion through the European Competitiveness Fund for the period 2028-2034. This amount marks a significant strengthening of European security, as it is about five times higher than in the current MFF 2021-2027, where the corresponding envelope amounted to around €26 billion (European Commission, 2025c).

At the same time, the completion of the Single Market requires the development of European Public Goods (EPGs), such as cross-border energy interconnections and common strategic infrastructure (Letta, 2024). This logic is not limited to the energy sector, but extends to transport networks and digital infrastructure, which are emerging as critical factors in strengthening European competitiveness and the Union's strategic autonomy (Draghi 2024). The EU's shift towards a logic of 'strategic autonomy' now integrates defence, energy and geopolitical security into the key priorities of the new MFF, strengthening the financing of dual-use infrastructure, which serves both political and defence needs (European Commission n.d.-b).

In this new geopolitical environment, Greece, as the EU's external border and a hub of the Eastern Mediterranean, is called upon to use the MFF 2028–2034

to strengthen its role as a pillar of stability, energy security and strategic connectivity. Increasing migration flows, regional tensions and the Union's emphasis on strategic autonomy reinforce the importance of investments in security, border management and technological surveillance policies (ELIAMEP 2026).

In this context, the development of dual-use infrastructure in synergy with TEN-T projects is of particular importance. Ports, airports, and roads can be modernized to serve both commercial and defense needs, ensuring supply chains function in times of crisis. The new fiscal framework can thus act as a catalyst for projects with a strong geopolitical footprint. Indicatively, the upgrade of the Port of Alexandroupolis as a hub for military mobility and energy could strengthen NATO's eastern flank, while the connection of the ports of Northern Greece via the Egnatia Railway is expected to facilitate the rapid transport of equipment and goods, enhancing the strategic connectivity of the region.

The energy dimension of the new MFF is also of particular importance. Greece aspires to become a critical energy hub in the Southeastern Mediterranean through projects that upgrade its geopolitical power and strengthen European energy security. This strategy seeks to make the country not just a consumer, but an active manager of European energy and data flows, shielding both the national sovereignty and the security of the Union in the long term.

Central to this planning are a number of flagship projects, such as the Great Sea Interconnector for the Greece-Cyprus-Israel interconnection, the GREGY and Green Aegean energy interconnectors for the export of clean energy to Central Europe, Greece's participation in IPCEI Hy2Tech for the development of the hydrogen value chain and the decarbonization of transport, as well as the development of deep submarine cables that enable complex energy and digital interconnections in the Mediterranean.

At the same time, Greece has the potential to strengthen its defence industrial base through participation in joint European armament programmes and the development of domestic defence ecosystems linked to the European supply chain. Such a development could boost domestic production, upgrade the country's military readiness, and contribute to strategic deterrence through targeted investments in infrastructure and security technologies.

Particular emphasis is also expected to be placed on crisis and disaster preparedness. Through the MFF 2028–2034, Greece can strengthen civil protection mechanisms to deal with extreme natural events, fires, floods and health threats, strengthening the resilience of local communities. At the same time, the use of artificial intelligence and satellite data to detect cyber-attacks and hybrid threats significantly enhances the capabilities of early warning and protection of critical infrastructure.

Overall, the MFF 2028–2034 is not limited to financing armaments or individual infrastructure projects; it also forms a comprehensive framework for European security, energy resilience and strategic preparedness. Its successful exploitation by Greece is expected to depend on the country's ability to align its national priorities with the EU's new architecture of security, competitiveness and strategic autonomy.

2.1.3.3. Human resources and social model

Investing in human resources through the MFF 2028–2034 is the cornerstone for Greece's social and economic resilience at a time of intense demographic pressures and rapid population ageing. The country is called upon to use European resources to reverse the decline of its workforce, transforming financial flows into a modern, inclusive welfare state. This effort starts from substantially supporting employment and ensuring equal access to work, by removing barriers faced by women, young people and vulnerable social groups. Strengthening women's employment, which remains at low levels, is not only a matter of social justice but also an urgent economic need for the expansion of the country's productive base.

Effective workforce integration is inextricably linked to addressing skills mismatches in the labour market (Cedefop 2020), as the majority of Greek businesses report a systematic inability to find suitable staff —despite the reduction in unemployment, 80% of employers say they face difficulty in filling jobs (ManpowerGroup Greece 2025).

The specific objectives of the new financial framework lend themselves to a radical improvement of the education system and the development of an integrated lifelong learning system (European Commission, 2025g). The strategic focus on upskilling and reskilling the workforce aims to bridge the gap between supply and demand, preparing workers for the demands of the digital age and the green economy, with a focus on the needs of "Industry 5.0". This investment in knowledge acts as a barrier to the brain drain abroad, creating the conditions for the repatriation of young scientists through quality jobs in knowledge- and innovation-intensive sectors.

Creating attractive conditions for young people and reducing regional disparities requires strong social infrastructure. Addressing the housing crisis and sup-

porting the family, together with the development of modern childcare and long-term care services, contributes to both demographic stabilization and enhanced participation in the labor market. Thus, social policy acquires a preventive character, limiting poverty, exclusion and homelessness at their source.

At the same time, modernisation, digitalisation and strengthening the resilience of health systems are a top priority to ensure social cohesion. European funds must be directed towards upgrading primary health care and expanding telemedicine services, ensuring that every citizen, even in the most remote or island areas of the country, enjoys equal access to quality medical care. This geographical convergence of health services is a prerequisite for mitigating regional disparities and strengthening of a sense of security throughout the country.

Finally, Greece's social model for 2028–2034 incorporates the management of the social impacts resulting from the transition to a low-carbon economy. The need for energy upgrading of buildings and the shift towards green transport pose the risk of widening energy poverty for vulnerable households. The new MFF provides for targeted support and subsidy mechanisms, ensuring that the climate transition is equitable and does not lead to new forms of social exclusion. The success of this comprehensive strategy will be judged by the ability of national mechanisms to leverage combined tools, such as the European Social Fund+, to transform funding into permanent, sustainable and tangible results for the daily life and well-being of every Greek citizen.

2.1.3.4. Quality of life and agri-food

The post-2027 revision of agri-food policy in the next EU budget (European Commission n.d.-a) offers Greece the opportunity to upgrade the quality of life in the countryside and enhance its food security through a holistic transformation. The CAP is being radically transformed with an emphasis on sustainability and resilience, which necessitates the transition from the traditional model of mass production to a model based on quality and identity products (PDO/PGI). This strategy is supported by the adoption of precision agriculture and the use of advanced digital tools, which allow the drastic reduction of inputs and the simultaneous increase of crop yields, enhancing the competitiveness of Greek producers in the international market.

A central pillar of this effort is to ensure an adequate and fair income for farmers, in order to ensure the long-term food security of the country. Through the new financial framework, the revitalization and attractiveness of rural areas are promoted, with a particular focus on generation renewal and attracting new producers. This is achieved by offering incentives that combine financial support with fair working conditions and access to modern social infrastructure. The preservation of the social fabric in the periphery depends directly on the country's ability to provide quality of life outside the major urban centers, preventing the depopulation of the countryside. In this context, the GR-eco Islands initiative operates in an exemplary manner, transforming islands into autonomous energy communities and promoting the blue economy as a driver of sustainable local development.

At the same time, strengthening the fisheries and aquaculture sector is a crucial part of the national strategy, as Greece has a comparative advantage in the maritime area. The transition to sustainable agriculture and forest management practices, combined with the modernization of irrigation networks and the construction of strategic infrastructure such as reservoirs, is essential to address water scarcity and climate change. The promotion of organic farming and the protection of biodiversity align the national strategy with the requirements of the European Green Deal, ensuring the Union's resilience against future crises.

Finally, the success of the project is based on the effective integration of research and innovation into daily agricultural and forestry practice. The rational use of resources and the protection of the natural environment form a new production model that is not limited to the simple absorption of funds. In this way, the MFF 2028–2034 is transformed into a mechanism for a comprehensive improvement of life in the Greek region, where economic progress and competitiveness go hand in hand with environmental protection and social well-being for all generations to come.

2.1.3.5. Institutional shielding, Rule of Law and culture

Respect for the Rule of Law, compliance with the EU Charter of Fundamental Rights and the strengthening of democratic institutions are horizontal conditions and basic principles for the design and implementation of interventions, affecting access to and disbursement of European funds under the MFF 2028–2034 (European Commission 2025h).

In this context, Greece is called upon to build an open, rights-based and inclusive democratic society by adopting reforms that ensure transparency and accountability. A central pillar of this strategy is the strengthening of justice systems through the full digital transition (e-justice), which accelerates the admin-

istration of justice and strengthens the trust of citizens and investors.

At the same time, the strengthening of the anti-corruption framework, with the mandatory use of sophisticated tools such as the Arachne system (European Commission n.d.-d) for the control of public procurement, ensures that every euro of European funds is used with absolute integrity, while protecting whistleblowers.

The country's "democratic health" is inextricably linked to media pluralism and information integrity. The new financial framework supports actions for media literacy and the establishment of effective checks and balances, protecting the public sphere from disinformation. This institutional upgrade is complemented by the continuous effort to improve the efficiency of the public administration, which must become more flexible and citizen-friendly through digitalization and the adoption of European best practices. The implementation of the conditionality mechanism guarantees that investments will always be accompanied by the necessary institutional guarantees that promote social justice.

Particular emphasis is placed on the role of culture as a lever of social prosperity and economic reconstruction. Greece, by utilizing the resources of the new MFF, invests in the protection of cultural heritage and in the support of contemporary artistic creation, strengthening the cultural cohesion and international visibility of the country. Culture is not only seen as heritage, but as a dynamic element that strengthens democracy and human dignity, acting as a bridge connecting economic progress with European values. Through this integrated approach, the quality of institutions and cultural identity transform Greece into a reliable pillar of stability in the Eastern Mediterranean, where prosperity goes hand in hand with democratic legitimacy.

2.1.4. Strategic governance, implementation mechanisms, and risks

The successful implementation of the 2028–2034 MFF in Greece relies on the transition from the traditional model of simple absorption of funds to a results-oriented strategic governance system. The new architecture requires the use of the performance-based funding model, where the disbursement of resources is directly dependent on the achievement of specific milestones and targets (Rubio & Alcidi 2026).

At the same time, Greece is called upon to avoid the "milestone trap", as any failure to meet a reform milestone can cause the resources of the entire Single Fund to be "frozen", due to the complexity in the exact calculation of payout values (Rubio & Alcidi 2026).

At the level of resource management, the MFF 2028–2034 reinforces the time and operational pressure for effective absorption, through decommitment mechanisms, which make the timely implementation of projects critical. In this context, strengthening the administrative capacity of implementing agencies and strengthening technical assistance are key tools to improve the absorption and effectiveness of interventions (European Commission 2025h).

However, the implementation of this ambitious framework entails specific risks that require proactive action and strict institutional shielding. A central challenge is the risk of re-nationalisation, which threatens the principles of subsidiarity and partnership, as the transfer of planning responsibility to central administration limits regional autonomy and the ability of states to respond to local needs (Bundesrat, 2025). The transition to national cohesion-enhancing plans may alter the centre-periphery relationship, limiting the direct role of regional and local authorities in planning and prioritising interventions (Darvas et al. 2026).

At the same time, the transition to single national plans is expected to skyrocket red tape due to highly complex coordination processes, while linking funds to binding reforms and merging separate funds (such as Cohesion and Rural Development) may weaken the visibility of policies and cause multi-year delays in the start and implementation of new programmes (Bundesrat 2025).

In addition, in light of a limited budget of 1.26% of the EU-27's National Income, there is a risk of "crowding out," where increased spending on defence and competitiveness may displace resources from traditional cohesion policy and the agricultural sector (Rubio & Alcidi 2026).

To shield against these risks, Greece establishes a strict control and transparency framework. The mandatory use of the Arachne system (European Commission n.d.-d) becomes a central pillar for the prevention of fraud and conflicts of interest, while the Conditionality Mechanism links the disbursement of European funds to respect for the Rule of Law, allowing measures to protect the Union budget in cases of breaches (European Parliament & Council of the European Union 2020). This holistic approach to governance ensures that the new MFF will act as a steady driver of growth, minimising the chances of fiscal deviations or delays from external asymmetric threats.

2.1.5. Conclusions

The analysis of the 2028–2034 MFF shows that the EU is entering a phase of structural transformation, where

fiscal policy is moving away from being a mere tool for allocating resources and becoming a vehicle for strategic autonomy and resilience. For Greece, this new framework is not just an opportunity for funding, but a crucial opportunity for the final convergence with the European average and the overcoming of the pathologies of the past.

The main conclusion that emerges is that the country's success will be judged by the transition from the logic of "absorption" to the logic of "result". The proposal for a single national fund for development and cohesion is the institutional response to the historical fragmentation of resources, allowing for a holistic intervention in critical areas such as clean industry, digital justice and regional attractiveness. Linking resources to reforms, while entailing risks in terms of administrative responsiveness, provides the necessary framework to strengthen the Rule of Law and transparency, which are a prerequisite for long-term stability.

Strengthening regional cohesion in Greece requires addressing the high structural disparities between regions and improving productivity and employment. Sustainable living standards cannot be based solely on GDP growth; rather they require skills enhancement, better jobs and increased investment in infrastructure and human capital. The green and digital transition, despite the challenges it poses to the agri-food and industrial sectors, offers the only way forward to create a competitive knowledge-intensive economy.

Finally, Greece's geopolitical position in the Eastern Mediterranean makes it a critical actor for the security and energy stability of the Union. The utilization of resources for dual-use infrastructure and a defense industrial base strengthens the country's role as a pillar of stability. Ultimately, the MFF 2028–2034 requires a Greece that will not be a passive recipient of policies, but an active shaper of the European agenda, capable of turning challenges into a permanent chapter of prosperity for future generations.

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3. Human resources and social policies

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3.1. Recent developments in key labour market variables

Ioannis Cholezas

3.1.1. Introduction

The Greek labour market continued to improve in 2025, with employment increasing and unemployment declining further. This positive development is reflected both in the strengthening of labour force participation and in the improvement of most key labour market indices.

However, behind the overall favourable picture, significant challenges emerge. The employment trend differs between population groups and sectors of economic activity, while education continues to be a determining factor in employment prospects. At the same time, the decline in the foreign labour force and indications of staff shortages in certain sectors highlight issues related to labour availability and the effective functioning of the labour market.

Data for the first quarter of 2026 indicate a continuation of the positive labour market trend, with further increases in employment and labour force participation. However, the parallel increase in unemployment compared to the corresponding period of the previous year indicates that developments during the rest of the year should be monitored with caution.

3.1.2. Labour Force Survey (LFS)

Employment

Employment declined during the last quarter of 2025, reflecting the seasonal slowdown in economic activity, by 57.8/50.5 thousand individuals aged 15–64/15+ years, respectively. In contrast, employment continued its upward trajectory on an annual basis, recording an increase of 60.2/73.7 thousand individuals aged 15–64/15+ years compared with the last quarter of 2024 (2024Q4), as shown in Table 3.1.1. The number of employed women increased at a considerably faster pace than that of employed men, namely approximately two to three times faster depending on the selected age group. This pattern is also reflected in annual percentage changes, which reached 2.8% for women aged over 15 years, while remaining limited to 0.7% for men aged 15–64 years. As a result, the total number of employed persons in 2025Q4 reached 4.2 million, or 4.35 million when workers aged above 64 years are included. Most of the employed persons were men, representing approximately 56% of total employment irrespective of age restrictions.

Young employed individuals aged 15–29 reached 593.5 thousand in 2025Q4 (Table 3.1.1), the majority of whom were also men (55.1%). On an annual basis, youth employment increased by 2.2%, exceeding the increase recorded among individuals aged over 30 years (1.6%). It is noteworthy that this increase originated almost entirely from young men (4%), whereas the number of employed young women remained virtually unchanged. The employment rate among young people remained particularly low, as a large share of this population group is still enrolled in education or continues to face difficulties in entering the labour market, as discussed below. In 2025Q4, the youth employment rate marginally exceeded 36%, with slightly higher employment rates among young men compared to young women (39.1% versus 33.4%). Nevertheless, these rates remained substantially lower than those observed among individuals aged over 30 years (60.6% and 42.4% for men and women, respectively). The increase in the number of employed young men during the past year contributed to an increase in the employment rate by 1.7 percentage points.

Employment by industry

The annual increase in employment was not distributed evenly across industries, although most of them (13 out of 21) recorded gains (Table 3.1.2). The largest annual decline, for yet another quarter, was recorded in *Agriculture, forestry and fishing*, where approximately 77 thousand jobs were lost. Significant employment losses were also observed in *Education* (24.5 thousand jobs), even though this industry mainly involves public sector employment, followed by *Transportation and storage*, where losses reached 13.8 thousand

TABLE 3.1.1 Employment data for 2025Q4 and annual changes

	Total	Males	Females
	Number of employed		
15-64 (in millions)	4.20	2.36	1.84
15+ (in millions)	4.35	2.46	1.90
15-29 (in millions)	0.59	0.33	0.27
30+ (in millions)	3.8	2.1	1.6
	Annual change of the number of employed		
15-64 (in millions)	60.2	15.4	44.8
15+ (in millions)	73.7	22.9	50.8
15-29 (in millions)	12.9	12.7	0.2
30+ (in millions)	60.8	10.3	50.5
	Employment rate		
15-64 (%)	64.8	72.8	56.8
15+ (%)	48.4	56.4	40.8
15-29 (%)	36.3	39.1	33.4
30+ (%)	51.1	60.6	42.4
	Annual change of the employment rate		
15-64 (percentage points)	1.3	0.8	1.8
15+ (percentage points)	0.9	0.6	1.2
15-29 (percentage points)	0.9	1.7	0.0
30+ (percentage points)	0.9	0.3	1.4

Source: Labour Force Survey, ELSTAT. KEPE's calculations.

jobs. By contrast, *Wholesale and retail trade, repair of motor vehicles and motorcycles* generated the largest number of new jobs compared to 2024Q4 (57.2 thousand), continuing to function as the primary engine of employment growth in 2025. This was followed by *Professional, scientific and technical activities* with 32.1 thousand new jobs, and *Arts, entertainment and recreation* with 21.3 thousand new positions.

Relative to industry size, *Mining and quarrying* lost approximately one quarter of its jobs, although it remains a relatively small industry. Significant proportional losses were also recorded in *Agriculture, forestry and fishing*, where employment declined by nearly 17%. In contrast, substantial proportional increases were primarily observed in relatively small industries, such as the *Activities of extraterritorial organisations and bodies* and *Real estate activities*. Nevertheless, findings concerning these industries should be interpreted with caution. Due to the substantial variation in industry size, changes over the past year did not alter notably the relative position of each industry within total employment. Thus, except for the primary sector, all remaining industries recorded changes in their employment shares that did not exceed one percentage point. *Wholesale and retail trade* constituted the only significant exception, increasing its share from 17% to 18%.

Within this context, it is worth noting that since 2014, when employment recovery began, more than 803 thousand new jobs have been created. Most of these jobs were generated in *Wholesale and retail trade, repair of motor vehicles and motorcycles* (133.5 thousand), followed by *Professional, scientific and technical activities* (118.5 thousand), and *Accommodation and food service activities* (103.1 thousand). Conversely, losses in *Agriculture, forestry and fishing* reached 80 thousand jobs, while an additional 21.1 thousand jobs were lost in *Activities of households as employers*. Overall, only four industries recorded a decline in employment during the period 2014–2025.

Unemployment

The unemployment rate continued its downward trajectory during the final quarter of 2025 compared with the corresponding quarter of 2024, alongside a reduc-

TABLE 3.1.2 Employment by industry, 2025Q4

	2025Q4 (millions)	Δ(annual) (millions)	Δ(annual) (%)	2025Q4 Share (%)
Agriculture, forestry and fishing	377.5	-77.0	-16.9	8.7
Mining and quarrying	5.3	-1.8	-25.4	0.1
Manufacturing	426.5	4.9	1.2	9.8
Electricity, gas, steam and air conditioning supply	40.3	-1.6	-3.8	0.9
Water supply, sewerage, waste management and remediation activities	38.4	-5.0	-11.5	0.9
Construction	202.6	10.2	5.3	4.7
Wholesale and retail trade, repair of motor vehicles and motorcycles	785.9	57.2	7.8	18.1
Transportation and storage	229.3	-13.8	-5.7	5.3
Accommodation and food service activities	377.0	9.0	2.4	8.7
Information and communication	115.0	5.0	4.5	2.6
Financial and insurance activities	96.6	16.8	21.1	2.2
Real estate activities	14.0	4.2	42.9	0.3
Professional, scientific and technical activities	326.2	32.1	10.9	7.5
Administrative and support service activities	119.6	17.6	17.3	2.7
Public administration and defence, compulsory social security	366.8	14.3	4.1	8.4
Education	315.6	-24.5	-7.2	7.3
Human health and social work activities	306.1	-4.6	-1.5	7.0
Arts, entertainment and recreation	82.2	21.3	35.0	1.9
Other service activities	87.0	-1.8	-2.0	2.0
Activities of households as employers	31.5	6.8	27.5	0.7
Activities of extraterritorial organizations and bodies	2.7	0.9	50.0	0.1

Source: Labour Force Survey, ELSTAT. KEPE's calculations.

tion in the number of unemployed individuals (Table 3.1.3).[1] On an annual basis, the decline reached 1.2 percentage points, almost equally distributed between men and women. As a result, the unemployment rate fell to 8.4% for the total population, approximately two percentage points lower for men and 2.5 percentage points higher for women. Women constituted the biggest group of unemployed people in 2025Q4 (58.3%).

With respect to age, unemployment remained significantly higher among young people aged 15–29, reaching 15.8% in 2025Q4, approximately nine percentage points higher than among individuals aged over 30 years and 7.4 percentage points above the aggregate unemployment rate. Consequently, the difficulties associated with youth labour market integration have not yet disappeared, despite having declined substantially compared with previous years. Indicatively, in 2013, almost one out of two young individuals aged 15–29 was unemployed, while even during the pre-crisis period, youth unemployment exceeded 16% (2008Q4). Therefore, although youth unemployment remains above desirable levels, it has nevertheless recorded a substantial decline over the years.

On the other hand, the unemployment rate among foreign men declined significantly, falling below the corresponding rate for Greek nationals for the second time since 2020 (2025Q2 and 2025Q4). This observation is particularly important and may contribute to alleviating labour shortages, since lower unemployment implies improved employment prospects and stronger

1. The unemployment rate increased by 0.2 percentage points on a quarterly basis, as economic activity recorded its typical seasonal slowdown, due to the intense seasonality some industries exhibit.

TABLE 3.1.3 Unemployment rate for selected population groups

	2025Q4	Δ(annual) (percentage points)	2025Q4 Share (%)
Total (15-64)	8.4	-1.2	100,0
Males (15-64)	6.4	-1.2	41.7
Females (15-64)	10.9	-1.3	58.3
Youth 15-29	15.8	-3.5	28.8
Persons 30+	7.0	-0.7	71.2
Greeks	8.3	-1.4	98.1
Males	6.3	-1.4	98.3
Females	10.8	-1.4	98.0
Foreigners	7.6	-7.2	1.9
Males	4.9	-5.3	1.7
Females	11.3	-9.7	2.0
Ph.D. or/and postgraduate degree	4.7	-0.3	8.0
University	7.7	1.3	20.1
Higher technical vocational degree	8.6	-2.1	18.3
Upper secondary (Lyceum)	8.5	-2.3	38.6
Lower secondary (Gymnasium)	9.4	-1.6	8.3
Primary or less	11.2	0.1	6.7

Source: Labour Force Survey, ELSTAT. KEPE's calculations.

incentives for migration. At the same time, however, the importance of additional factors should not be overlooked, including fair remuneration, working conditions, the type of available jobs, and their geographical distribution. Regarding the gender dimension, foreign women continued to face higher unemployment rates than both foreign men and Greek women, although the reduction in unemployment during the last year was greater among foreign women than among either of the other groups. By contrast, foreign men exhibited more favourable employment prospects than Greek nationals.

Education also plays a critical role in shaping employment prospects, and this pattern remained unchanged during the final quarter of 2025. *Ceteris paribus,* the greater the number of years of education an individual possesses, the lower the probability of unemployment. Accordingly, in 2025Q4 holders of postgraduate and/or doctoral degrees recorded an unemployment rate of 4.7%, whereas individuals with only primary education or fewer years of schooling faced unemployment rates exceeding 11%. Most educational groups experienced declines in unemployment relative to the last quarter of 2024. The only exception concerned university graduates, among whom unemployment increased by 1.3 percentage points, although it remained the second-lowest unemployment category. Furthermore, to design effective unemployment policies, it is necessary to understand the composition of the unemployed population. In terms of educational attainment, most unemployed individuals (approximately 40%) were upper secondary school graduates, followed by university graduates and graduates of higher technical vocational education, each accounting for approximately one-fifth of total unemployment.

3.1.3. Wage employment

The latest available data on paid employment flows concern the first four months of 2026. Graph 3.1.1 compiles the data and presents the total change in employees in the first four months. The flows followed the expected course, i.e., they maintained the same sign in the first four months of the year compared to previous years. Thus, January recorded a decrease in the number of employees, close to the average of the period 2013-2024 and slightly larger than in 2025 (approximately 3.3 thousand), while the remaining months saw increases. In February, the increase was lower than the average for the 2013-2024 period and considerably lower than the corresponding month in 2025 (by 6.7 thousand), but in the subsequent two

GRAPH 3.1.1
Balance of paid employment flows

Source: Information System ERGANI reports, Ministry of Labour and Social Security, KEPE processing.

TABLE 3.1.4 Collective bargaining agreements (CBAs) with and without wage increases

	CBA with Δ(wages)	Number of employees	Total CBA	Wage raises (%)	CBA with Δ(wages)/CBA without Δ(wages) (%)
2024	31	20,473	87	17.3	35.6
2025	32	19,456	72	19.6	44.4
2026	32	18,659	86	23.9	37.2

Source: Information System ERGANI reports, Ministry of Labour and Social Security, KEPE processing.

months, the positive balance exceeded both the average and the 2025 performance (by about 11.5 thousand each month). Typically, the increase in the number of employees strengthens as the summer approaches and the needs for human resources follow the increase in economic activity.

The number of hirings was lower by 18.4 thousand in the first four months of 2026, but the balance remained positive due to also fewer layoffs. The composition of hirings in terms of type of employment remained the same; approximately 58% of hirings were full-time, 33% part-time and the remaining almost 9% were hirings in rotational employment positions. As in previous years, April was the month with the highest percentage of full-time hirings, reaching 63% of total in 2026. In addition to new hirings, contract conversions were recorded, 15.7 thousand in total, a bigger number compared to previous years. The positive aspect is that the share of conversions to rotational employment contracts without the employee's consent decreased further to just 0.7%, while conversions of full-time job contracts to rotational employment with the employee's consent increased to almost 27%.

Regarding the collective labour agreements signed in the first four months, they reached 86, one less compared to 2024 and 14 more compared to 2025 (Table 3.1.4). Of these, approximately one in three collective agreements (37.2%) provided for a wage increase, a lower percentage compared to 2025 (44.4%) but slightly higher compared to 2024 (35.6%). A positive development was that the wage increases granted were slightly higher compared to the previous two years and appear to be on an upward trend. On the contrary, the number of employees covered by collective agreements was smaller in 2026, while at the same time it is on a downward trend.

3.1.4. Foreign nationals in the labour market

Using the data presented in Table 3.1.5, this section briefly presents developments concerning foreign nationals in Greece[2] during the past year. The importance of foreign nationals was once considerable, particularly during the two decades preceding the economic crisis. It is indicative that in 2008, shortly before the outbreak of the economic crisis, foreign nationals accounted for 6% of the population and 8.2% of both the labour force and total employment. By 2025, these shares had declined to 2.2%, 2.9%, and 2.8%, respectively, while the total number of foreign nationals residing in Greece had fallen by more than 65%.

More specifically, during the last year, approximately half of all foreign nationals appear to have left the country, with the decline approaching 133 thousand individuals. The reduction was more pronounced among women, whose number declined by approximately 55%, whereas the decline among men was smaller (46.5%). By contrast, the number of Greek men increased by 1.2%, albeit at a slower pace than the number of Greek women (1.7%). The gains arising from the increase in the Greek population were insufficient to offset the losses among foreign nationals, resulting in a decline in the total population of approximately 12.7 thousand individuals over the last year.

At the same time, the labour force—a particularly important variable given the labour shortages recorded in the market and the demographic contraction—increased by 19.5 thousand individuals. Given the simultaneous population decline, this increase in the labour force can only be interpreted as reflecting a rise in labour market participation, namely an increase in participation rates. In this case as well, foreign nationals recorded a decline while Greek nationals recorded an increase over the last year. However, the increase among Greek nationals outweighed the decline among foreign nationals, leading to a net increase overall. The labour force of foreign nationals declined to 97.5 thousand individuals, of whom 58% were men. In contrast to population changes, however, the reduction recorded was broadly similar between foreign men and foreign women. At the same time, Greek women increased at more than double the rate of Greek men, recording an increase of more than 60 thousand individuals within a single year. This may suggest that, over time, tightening budget constraints are increasingly encouraging Greek women to participate in the labour market.

However, labour force participation does not necessarily imply employment. Typically, foreign nationals migrate to Greece to find work and therefore are expected to exhibit higher participation rates. The data confirm this expectation for both men and women. During the last quarter of 2025, labour force participation among foreign men aged over 15 exceeded 88%, while the corresponding participation rate among Greek men approached 60%. Foreign women recorded participation rates approximately equal to those of Greek men, whereas participation among Greek women remained below 46%.[3]

Large differences between Greek and foreign nationals are also observed in employment rates, namely the share of the population that is employed. In 2025Q4, Greek nationals recorded an employment rate of 56%, whereas foreign men exhibited employment rates approaching 84%. This difference—nearly 30 percentage points—is particularly substantial and reflects fundamental differences concerning both the importance attached to employment and variable living conditions between the two groups.[4] Similarly, the employment rate among foreign women approached 53%, whereas the corresponding rate among Greek women remained limited to 40.6%.

The third section of the table presents developments in employment separately for Greek and foreign nationals. The increase recorded during the past year was entirely attributable to the increase in employment among Greek nationals, whose number rose by 126.6 thousand, whereas employment among foreign nationals declined by 53 thousand. While the proportional increase among Greek nationals was marginally above 3%, the decline among foreign nationals exceeded 37%. Most of the increase in employment among Greek nationals originated from women, whereas the decline among foreign nationals was driven primarily by men, among whom employment losses were approximately double those recorded among women.

Finally, as already noted above, differences in unemployment between Greek and foreign nationals remain relatively limited. Nevertheless, the decline in unemployment among foreign nationals during the past year was considerably larger. This development may reflect departures from the country, as indicated by

2. The term 'foreigners' refers to people who do not have Greek citizenship. Hence, immigrants who have acquired Greek citizenship are classified as Greeks.

3. Note that compared to 2008, the participation rate of Greek women has increased by about 4 percentage points.

4. Greeks probably have alternative sources of income beyond wages, and also enjoy social support networks, while many have benefited in the past from favourable early retirement schemes.

TABLE 3.1.5 Composition of the population, labour force and employed persons

	Population			
	2025Q4 (thousand)	2025Q4 (%)	2024Q4-2025Q4 (thousand)	2024Q4-2025Q4 (%)
Total	8,997.9	100.0	-12.7	-0.1
Greeks	8,865.1	98.5	127.8	1.5
Foreigners	132.8	1.5	-140.5	-51.4
Males	4,350.8	48.4	-4.4	-0.1
Greeks	4,286.5	98.5	51.5	1.2
Foreigners	64.3	1.5	-55.9	-46.5
Females	4,647.1	51.6	-8.3	-0.2
Greeks	4,578.7	98.5	76.4	1.7
Foreigners	68.5	1.5	-84.6	-55.3
	Labour force			
	2025Q4 (thousand)	2025Q4 (%)	2024Q4-2025Q4 (thousand)	2024Q4-2025Q4 (%)
Total	4,747.3	100.0	19.5	0.4
Greeks	4,649.8	97.9	93.9	2.1
Foreigners	97.5	2.1	-74.4	-43.3
Males	2,620.4	55.2	-8.4	-0.3
Greeks	2,563.7	97.8	33.6	1.3
Foreigners	56.7	2.2	-42.1	-42.6
Females	2,126.9	44.8	27.9	1.3
Greeks	2,086.1	98.1	60.3	3.0
Foreigners	40.8	1.9	-32.3	-44.2
	Employed persons			
	2025Q4 (thousand)	2025Q4 (%)	2024Q4-2025Q4 (thousand)	2024Q4-2025Q4 (%)
Total	4,352.4	100.0	73.7	1.7
Greeks	4,262.3	97.9	126.6	3.1
Foreigners	90.0	2.1	-53.0	-37.1
Males	2,455.8	56.4	22.9	0.9
Greeks	2,401.9	97.8	58.5	2.5
Foreigners	53.9	2.2	-35.6	-39.8
Females	1,896.6	43.6	50.8	2.8
Greeks	1,860.4	98.1	68.1	3.8
Foreigners	36.2	1.9	-17.4	-32.5

Source: Labour Force Survey, ELSTAT. KEPE's calculations.

changes in the numbers of both the population and the labour force. It should nevertheless be noted that the share of foreign nationals among the unemployed at the end of 2025 was lower than their share in the labour force (1.9% versus 2.1%), suggesting that foreign nationals may enjoy slightly better labour market prospects than Greek nationals.

3.1.5. Monthly Labour Force Survey data

The current situation in the labour market is reflected in the monthly data of the Labour Force Survey, which, however, only provide aggregate data. In summary, the monthly data show rather mixed developments in the labour market in the first four months of 2026. On

the one hand, both the employment rate and the labour force participation rate increased. On the other hand, the upward trajectory of the unemployment rate leaves no room for complacency.

Specifically, the number of employed persons increased in the first four months of 2026 compared to the corresponding months of 2025 by approximately 38 thousand people (on average). This increase approached 83 thousand in January but was limited to approximately 44.1 thousand in February and 27.7 thousand in March. In April, the number of employed persons decreased slightly (by 3.6 thousand) compared to April 2025. The result was an increase in the average employment rate of persons aged 15-74 in the first four months to 56.1%, from approximately 55.4% in the same period of 2025. Accordingly, the labour force increased on an annual basis, by 49.7 thousand in January, 84.2 thousand in February, 88.1 thousand in March and 23 thousand in April, reaching 4.77 million people. This resulted in an increase in the average labour force participation rate of persons aged 15-74 to 62.1% in the first four months of this year, approximately one percentage point higher compared to the previous year.

On the contrary, the number of unemployed people increased in the first four months, as on average there were 23.5 thousand more unemployed compared to the same period in 2025. Despite the decrease recorded in January (33.3 thousand), increases were recorded in the subsequent three months: in February the increase reached 40.1 thousand, in March 60.4 thousand and in April it was limited to 26.6 thousand, always compared to the corresponding months of 2025. The unemployment rate followed the evolution of the number of the unemployed, as changes in the labour force were limited. Thus, the unemployment rate decreased to 9% in January, -0.8 percentage points (pp) compared to January 2025, but increased to 9.8% in February (+0.6 pp), 10.4% in March (+1.1 pp) and 9.5% in April (+0.5 pp). A decrease in April was also observed in 2025 and is likely linked to seasonality. The important point, however, is that the unemployment rate in 2026 was consistently above the corresponding one in 2025 in the first four months (+0.4 pp), and this requires attention.

3.1.6. Job vacancies

ELSTAT estimates that during the final quarter of 2025, job vacancies in the Greek labour market exceeded 31 thousand. The largest number of vacancies was recorded in *Education* (6.87 thousand or 22.1%[5] of the total), followed by *Human health and social work activities* (12.4%), *Manufacturing* (11.2%), and *Wholesale and retail trade, repair of motor vehicles and motorcycles* (10.7%). The slowdown in economic activity during the last quarter resulted in a quarterly decline in vacancies of approximately 14.6 thousand positions. Nevertheless, the number of vacancies increased on an annual basis (2024Q4–2025Q4) by approximately 2.7 thousand. This observation may prove important, as it could signal a reversal of the downward annual trend observed during the first three quarters of 2025 and the last quarter of 2024.

More detailed data from Eurostat allow for comparisons between Greece and the EU27. Compared to conditions at the end of 2024, relatively little changed during the final quarter of 2025. At the level of the business economy, the Greek labour market exhibited the same deviation from the EU27 average as in the previous year, equal to one percentage point (1.1% versus 2.1% in the EU27), since the annual decline recorded was similar. In six sectors the differences widened, although in only four cases were these changes substantial. In *Transportation and storage*, for example, the difference changed sign, with the Greek labour market exhibiting fewer vacancies than the EU27 average (1.4% versus 2%) in 2025Q4. A similar development occurred in *Professional, scientific and technical activities* (1.6% versus 2.1% in the EU27). On the other hand, in *Administrative and support service activities* the already favourable gap widened further in favour of the Greek labour market, as vacancies declined significantly during the past year (from 3.2% to 0.9% in 2025Q4) and at a faster pace than in the EU27. The gap in *Accommodation and food service activities* also widened during the past year, albeit at a slower pace (0.5 percentage points).

Finally, with the exception of *Water supply, sewerage, waste management and remediation activities*, where a three-percentage-point gap was recorded to the detriment of Greece (4.4% vacancies in 2025Q4, identical to 2024Q4), the country does not appear to perform poorly on the basis of official data, as it records proportionally fewer vacancies than the EU27 average in most industries. The gap in its favour was particularly pronounced in *Administrative and support service activities* (2.3 percentage points), *Information and communication* (1.8 percentage points), as well as *Accommodation and food service activities* and *Real estate activities* (1.7 percentage points in both industries).

5. The index of job vacancies is defined as the ratio of vacant posts to the total number of employed people in an industry and, respectively, in the whole economy or group of industries.

KEPE, *Greek Economic Outlook,* issue 60, 2026, pp. 48-53

3.2. Subjective and objective poverty in Greece: Trends and the profile of economic vulnerability

Athina Raftopoulou

3.2.1. Introduction

Income-based poverty indicators remain central to social policy monitoring in Europe. The at-risk-of-poverty (AROP) rate–defined as the percentage of people living in households with a total equivalised disposable income below the poverty line–is widely used for cross-country comparisons and policy evaluation. However, income poverty captures only one dimension of vulnerability. Individuals may experience insecurity, material deprivation and social exclusion even when their income places them above the poverty line.

In this context, a useful supplementary measure to standard income-based indicators is provided by direct measures of subjective poverty, which capture individuals' self-identification as poor independently of income thresholds. By incorporating subjective poverty measures, it becomes possible to account more fully for dimensions of vulnerability, perceived deprivation, and persistent economic insecurity that are not fully reflected in income-based measures alone. The value of accounting for this measure is highlighted by the substantial mismatch between subjective assessments and objective poverty statistics. For instance, drawing on data from a representative survey of the French population conducted between 2015 and 2018, Duvoux and Papuchon (2019) show that 58% of individuals who identify as poor are not classified as poor under the conventional 60% median income threshold.

Subjective poverty indicators typically rely on questions asking individuals whether they can make ends meet or whether their income is sufficient to cover necessary expenses. Unlike income-based measures, these indicators embed expectations, needs, and perceived stability. Duvoux and Papuchon (2019) propose interpreting subjective poverty as perceived lasting social insecurity rather than misreporting or pessimism. Based on their analysis, subjective poverty is strongly correlated with material deprivation and exposure to social risks,[1] even after controlling for income. This perspective aligns with earlier work emphasizing multidimensional poverty and vulnerability, where insecurity and instability play a central role (Alkire & Foster, 2011; Whelan et al., 2014). Želinský et al. (2022) document diverging trends between subjective and objective income poverty across EU countries and highlight the importance of subjective measures alongside traditional objective poverty indicators. They show that subjective poverty reacts more strongly to economic conditions, suggesting that it captures dimensions of risk and uncertainty beyond income.

This section presents Greece as a case where macroeconomic turbulence and exogenous shocks – including the prolonged debt crisis, the COVID-19 pandemic, and high inflation – have likely contributed to persistent economic insecurity. Subjective poverty is conceptualized as the individual's synthesis of their current instability and their challenging future trajectory, reflecting a deep-seated state of social insecurity. Using EU-SILC microdata for Greece covering 2004–2024, we first document trends in both objective income poverty (AROP) and subjective poverty (difficulty making ends meet). We then present weighted descriptive statistics that profile the socioeconomic, health, and household characteristics of individuals who report subjective poverty versus those who do not.

3.2.2. Data and measures

Data are from the European Union Statistics on Income and Living Conditions (EU-SILC) for Greece (2004-2024). The analysis uses individual- and household-level covariates including age, sex, household composition, equivalised income, labor-market status, health indicators, unmet healthcare needs, material and social deprivation, and expectations about future earnings.[2]

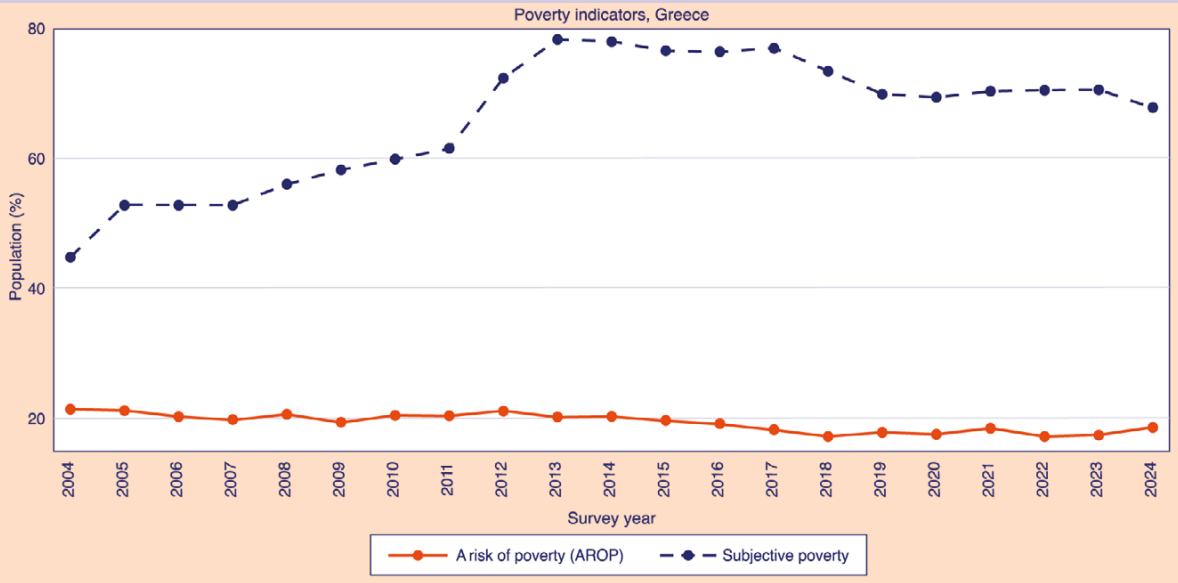
Trends in poverty indicators

We present poverty indicators over a 20-year period (2004-2024). Objective poverty is measured using the standard AROP indicator. Specifically, individuals are classified as at risk of poverty if their equivalised disposable household income falls below 60% of the weighted national median in the corresponding survey year.

1. Exposure to social risks is measured through a multidimensional framework that focuses on lasting social insecurity, a concept that bridges an individual's current material instability with their future perspectives.

2. Weighted estimates.

GRAPH 3.2.1
Poverty indicators over time



Source: ELSTAT. Estimates are based on data from the Statistics on Income and Living Conditions Survey (EU-SILC). Weighted calculations by the author.

TABLE 3.2.1 Distribution of AROP status by subjective poverty

Subjective poverty	Not at risk of poverty (AROP)	At risk of poverty (AROP)	Total
Yes	74.3%	25.7%	100%
No	92.98%	7.02%	100%

Note: Percentages are weighted. Data are from the EU-SILC survey for Greece, 2004–2024.

Subjective poverty is defined using the EU-SILC question on the household's ability to make ends meet. Respondents reporting that their household is able to make ends meet "with difficulty" or "with great difficulty" are classified as subjectively poor, while all other responses are classified as not subjectively poor. This approach allows us to capture both objective economic deprivation, grounded in household income relative to the population median, and subjective experiences of financial strain, reflecting perceived economic vulnerability.

As illustrated in Figure 3.2.1, the at-risk-of-poverty (AROP) rate has remained relatively stable over time, while the share of individuals reporting subjective poverty rose sharply during the crisis and has remained elevated thereafter. This pronounced and persistent divergence between income-based poverty and self-reported economic hardship raises a fundamental question regarding the additional dimensions that subjective poverty captures beyond standard income measures, particularly in Greece where the subjective poverty rate far exceeds the at-risk-of-poverty rate, creating the largest gap among EU Member States[3] and highlighting deep-rooted perceptions of financial strain well beyond what income thresholds alone reveal.

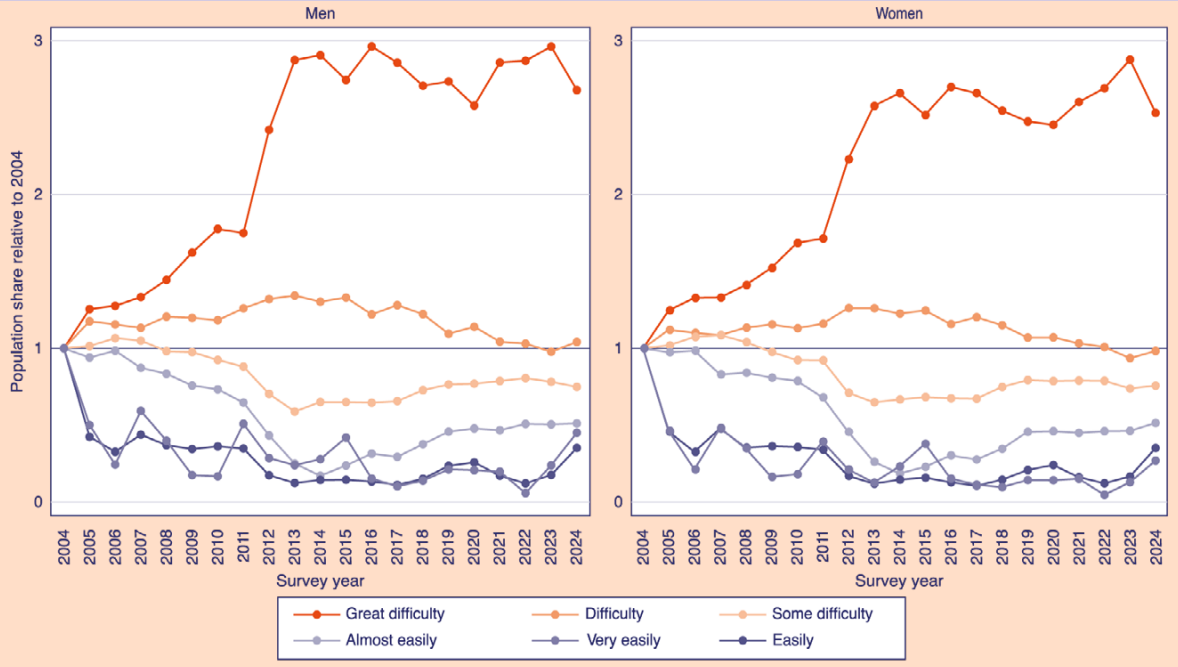
As shown in Figure 3.2.1, the gap between subjective and objective poverty remains substantial over time. Table 3.2.1 presents the detailed distribution of at-risk-of-poverty (AROP) status by subjective poverty, confirming that a large share of individuals who consider themselves poor are not classified as income-poor. Specifically, among the people who consider themselves subjectively poor, only 25.7% are classified as at risk of poverty by AROP.

3. *Source:* Eurostat (https://ec.europa.eu/eurostat/statistics-explained).

Temporal evolution of the population across subjective poverty categories by gender

To gain a deeper understanding of the dynamics underlying subjective poverty, we further examine the evolution of each response category separately and by gender (Figure 3.2.2). For both men and women, the relative share of individuals reporting that they experience "great difficulty in making ends meet" increases sharply during the economic crisis and remains persistently elevated thereafter, relative to the 2004 baseline. This development is accompanied by a pronounced and long-lasting contraction of the categories reporting that they make ends meet "fairly easily" or "very easily," indicating a generalized deterioration in perceived economic security compared to the pre-crisis period. Overall trends appear broadly similar across genders, suggesting that macroeconomic shocks translated into comparable patterns of subjective economic insecurity for men and women alike. Taken together, the figure highlights how macroeconomic developments were transformed into enduring perceptions of economic insecurity that are not fully captured by income-based poverty measures, thereby underscoring the value of subjective poverty as a complementary indicator of economic vulnerability.

GRAPH 3.2.2
Gender-specific evolution of subjective poverty categories in Greece (2004-2024, 2004 = 1)



Source: EU-SILC, Greece, 2004–2024. Calculations by the author.

Note: Weighted population shares by gender, normalized to 2004 (2004 = 1).

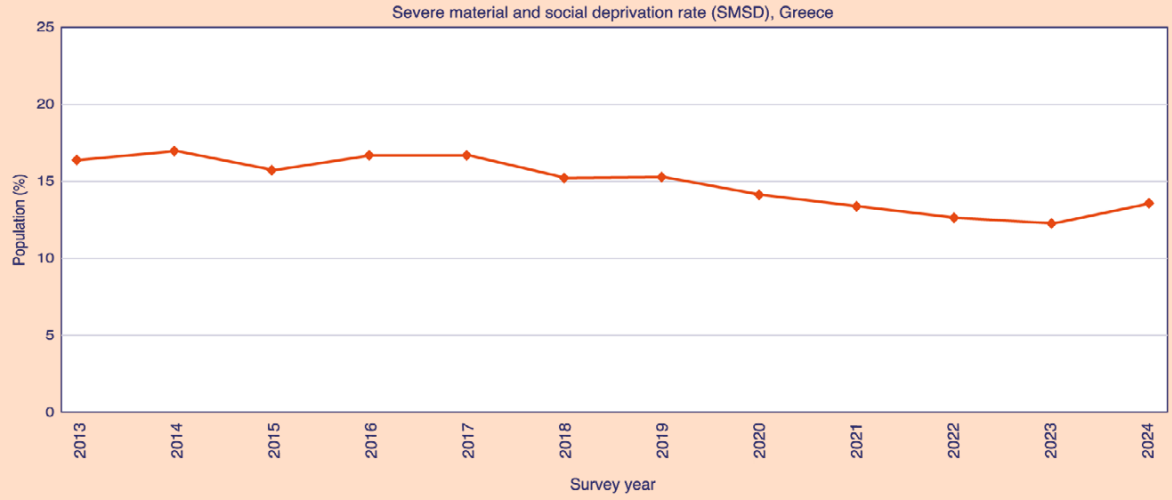
Material and social deprivation

Greece experiences high rates of severe material and social deprivation (SMSD), affecting approximately 14% of the population in 2023–2024—more than twice the EU average of 6.4%. The SMSD indicator follows the official Eurostat definition and is constructed from thirteen binary items (seven household, six individual) measuring lack of essentials due to affordability constraints (e.g., ability to cope with unexpected expenses, afford a week's holiday annually, avoid arrears, maintain adequate warmth, access the internet, and engage in social/leisure activities). An individual is classified as severely materially and socially deprived if deprived on at least seven items. Figure 3.2.3 shows the evolution of SMSD from 2013 to 2024, revealing consistently elevated deprivation levels over the entire period.

Descriptive profile by subjective poverty status

Table 3.2.2 presents the characteristics of individuals reporting subjective poverty compared with others for the period 2004–2024. Clear socio-demographic differences emerge: women and younger adults (18–29)

GRAPH 3.2.3
Percentage of the population experiencing severe material and social deprivation (SMSD)



Source: ELSTAT. Estimates are based on weighted data from the Statistics on Income and Living Conditions Survey (EU-SILC). Calculations by the author.

TABLE 3.2.2 Descriptive statistics by subjective poverty status (weighted, pooled 2004–2024)

Variables	Not subjectively poor	Subjectively poor	Difference
Female	0.51 (0.50)	0.53 (0.50)	–0.02***
Age 18–29	0.09 (0.29)	0.10 (0.31)	–0.01***
Age 30–39	0.13 (0.33)	0.11 (0.32)	0.01***
Age 40–49	0.16 (0.37)	0.16 (0.37)	–0.01***
Age 50–64	0.27 (0.45)	0.27 (0.44)	0.01***
Age 65+	0.35 (0.48)	0.35 (0.48)	–0.00*
Low education	0.19 (0.40)	0.38 (0.48)	–0.18***
Medium education	0.43 (0.50)	0.47 (0.50)	–0.04***
High education	0.37 (0.48)	0.15 (0.36)	0.22***
Low income	0.08 (0.26)	0.26 (0.44)	–0.18***
Low-middle income	0.13 (0.34)	0.24 (0.42)	–0.11***
Middle Income	0.19 (0.39)	0.21 (0.41)	–0.03***
Upper-middle Income	0.24 (0.43)	0.18 (0.38)	0.06***
High Income	0.37 (0.48)	0.12 (0.32)	0.25***
Employed	0.44 (0.50)	0.35 (0.48)	0.09***
Unemployed	0.04 (0.19)	0.11 (0.32)	–0.08***
Inactive	0.52 (0.50)	0.54 (0.50)	–0.01***
Severe material deprivation	0.01 (0.09)	0.19 (0.39)	–0.18***
Good self-reported health	0.77 (0.42)	0.67 (0.47)	0.10***
Chronic illness	0.23 (0.42)	0.31 (0.46)	–0.08***
Activity limitation	0.22 (0.41)	0.31 (0.46)	–0.10***
Unmet medical needs	0.08 (0.27)	0.20 (0.40)	–0.13***
Unmet dental needs	0.08 (0.27)	0.21 (0.41)	–0.13***
Pessimism about future earnings	0.06 (0.23)	0.09 (0.28)	–0.03***
Housing cost burden	0.11 (0.32)	0.57 (0.50)	–0.45***
Observations	101,280	232,908	-

Source: ELSTAT. Estimates are based on weighted EU-SILC data. Calculations by the author. Differences report mean differences (s.d. in parentheses) between the non-subjectively poor and subjectively poor groups. Significance: ***p < 0.01,** p < 0.05, *p < 0.10.

report subjective poverty more frequently, while middle-aged groups are less affected. Poverty is also more prevalent among individuals with lower education and households with low income, whereas employed individuals and those with higher education or income report lower rates. Material and social deprivation is concentrated among the subjectively poor, affecting roughly one in five individuals compared with around 1% of the non-poor. Although most individuals report good health, those experiencing subjective poverty have higher rates of chronic illness, activity limitations, and unmet medical needs. Pessimism about future incomes and financial pressure on housing are also more pronounced in this group. In particular, the burden of housing costs shows the greatest differentiation between the two groups, as it affects more than one in two of the subjectively poor (57%), in contrast to just 11% of the non-poor. Overall, these findings highlight that subjective poverty reflects multidimensional insecurity, financial pressure, and vulnerability in health.

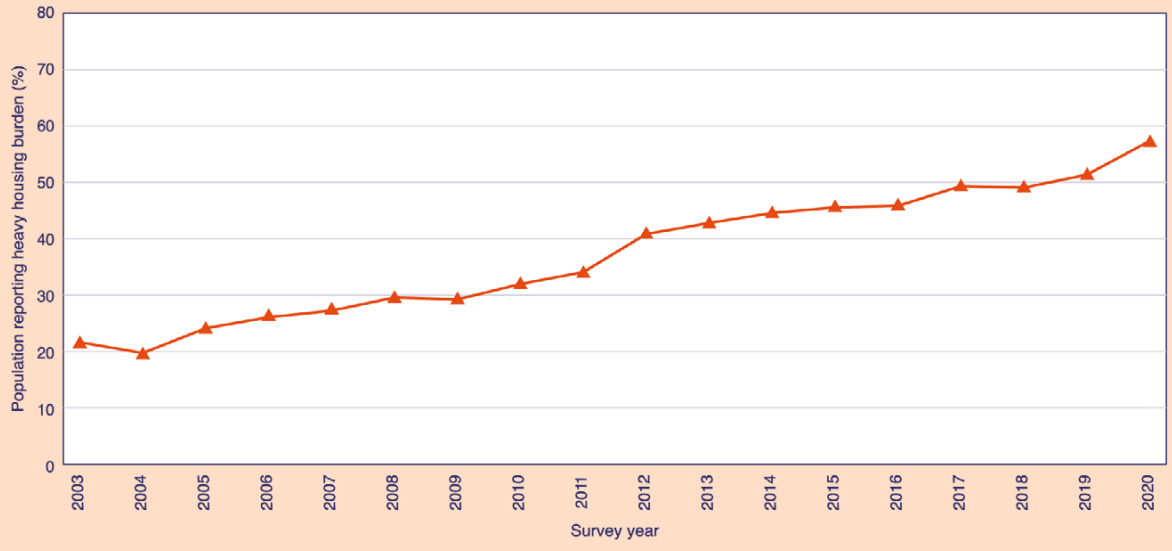
Housing costs

Figure 3.2.4 illustrates the percentage of households experiencing a high housing cost burden over time. Housing-related financial pressure increased significantly during the crisis period. The relationship and extent to which housing-related financial strain affects individuals' perceptions of their economic situation warrant investigation, as the data suggest that the rising housing burden may substantially influence the perceptions of individuals regarding their economic vulnerability (Table 3.2.2: over half of the subjectively poor face a severe housing cost burden, compared with approximately 10% of the non-poor). It is noteworthy that the period during which the sharp rise in housing costs is recorded coincides with the surge in the "great difficulty" category observed in Figure 3.2.2, reinforcing the indication that housing costs constitute a central pillar in shaping the subjective perception of financial insecurity.

3.2.5. Conclusions

The Greek case clearly highlights the limitations of income poverty indicators in conditions of prolonged economic pressure. Compared to EU averages, Greece records consistently high levels of subjective poverty and severe material and social deprivation, reflecting the cumulative effects of the economic crisis and its long-term social consequences. The significant difference observed in the housing burden between the two categories suggests that housing costs constitute a crucial parameter in the lived experiences of financial hardship of households. This finding highlights the need for further investigation, as the

GRAPH 3.2.4
Housing cost burden in Greece, 2003–2020[4]



Source: ELSTAT EU-SILC. Calculations by the author.

Note: The line represents the share of individuals in households reporting a heavy housing cost burden.

4. No data were available in the following years except for 2023.

housing burden may be one of the key factors–among others–explaining why subjective poverty in Greece remains at such high levels. The significant gap between subjective poverty and income indicators suggests that objective indicators may underestimate the extent of precariousness, as they fail to capture critical dimensions of economic insecurity that are not adequately captured by pure income measures, such as housing affordability and unmet needs for access to basic health services. Overall, the findings document the importance of using subjective poverty indicators in addition to traditional income indicators to more fully monitor social conditions and design effective policies.

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3.3. Mapping children's happiness in Greece: Exploring the factors associated with children's happiness

Eirini Leriou

3.3.1. Introduction

According to the World Happiness Report (2026)[1] and its corresponding Happiness Index, Greece ranked 85th among 147 countries worldwide in 2025, with Finland occupying the first position and Afghanistan the last. However, these findings refer exclusively to the adult population. In contrast, research on children's happiness[2] remains relatively limited internationally, while a substantial proportion of the existing literature focuses primarily on child well-being[3]. Against this background, the present section contributes to addressing this research gap in the Greek context by examining the level of children's happiness and its association with child well-being. The analysis draws on primary data from a nationwide survey conducted by the Centre of Planning and Economic Research (KEPE), in which 3,046 students participated during the 2024–2025 school year.

The present section focuses on children's happiness and child well-being. Child well-being may be understood as a predominantly objective condition reflecting quality of life over the long term. More specifically, it refers to how well children live. By contrast, children's happiness may be understood as a predominantly subjective condition of the soul, mainly in the short term. In this sense, happiness primarily reflects how children feel about their lives.

The model adopted to assess students' happiness and well-being represents a new, second evolution of the instrument developed to measure multidimensional child well-being and child poverty in Leriou (2016, pp. 55, 109 & 153). The first evolution of this instrument was previously presented in Leriou (2022, Sect. 2, p. 1970 and Sect. 3, pp. 1971 & 1985). Compared with these previous versions, the new model incorporates new and innovative variables while removing earlier ones, with particular emphasis placed on children's happiness.

More specifically, the sum of *Economic Child Well-Being* and *Non-Economic Child Well-Being* constitutes *General Child Well-Being* (Leriou, 2016; Leriou, 2015; Leriou & Tasopoulos, 2015–2016; Leriou & Tasopoulos, 2016; Leriou, 2019; Tasopoulos & Leriou, 2014). *Economic Child Well-Being* consists of three Dimensions: *Home conditions (D.1), Nutrition (D.2),* and *Absence of guardians' unemployment (D.3). Non-Economic Child Well-Being* consists of three Dimensions: *Free healthcare (D.4), Moral education from the wider environment (D.5),* and *Leisure (D.6).* Each Dimension consists of Simple Indicators. Children's happiness is not incorporated into General Child Well-Being. Instead, it is introduced as an external variable to investigate its relationship with the various Dimensions of Child Well-Being.

Furthermore, the present section addresses the research questions concerning the level of children's happiness in Greece and the factors associated with it. To answer these research questions, this section draws on primary data collected annually by the Centre of Planning and Economic Research (KEPE) through anonymous questionnaires administered to students. These data are first used to construct KEPE's Index of General Child Well-Being and Multidimensional Child Poverty. They are subsequently used to map children's happiness in Greece during the 2024–2025 school year and to examine the association between children's happiness and socio-demographic characteristics, child well-being, and various aspects of children's everyday life. The analysis is based on cross-tabulations and Pearson's Chi-Square test of independence.

3.3.2. Empirical results (Greece, School year 2024-2025)

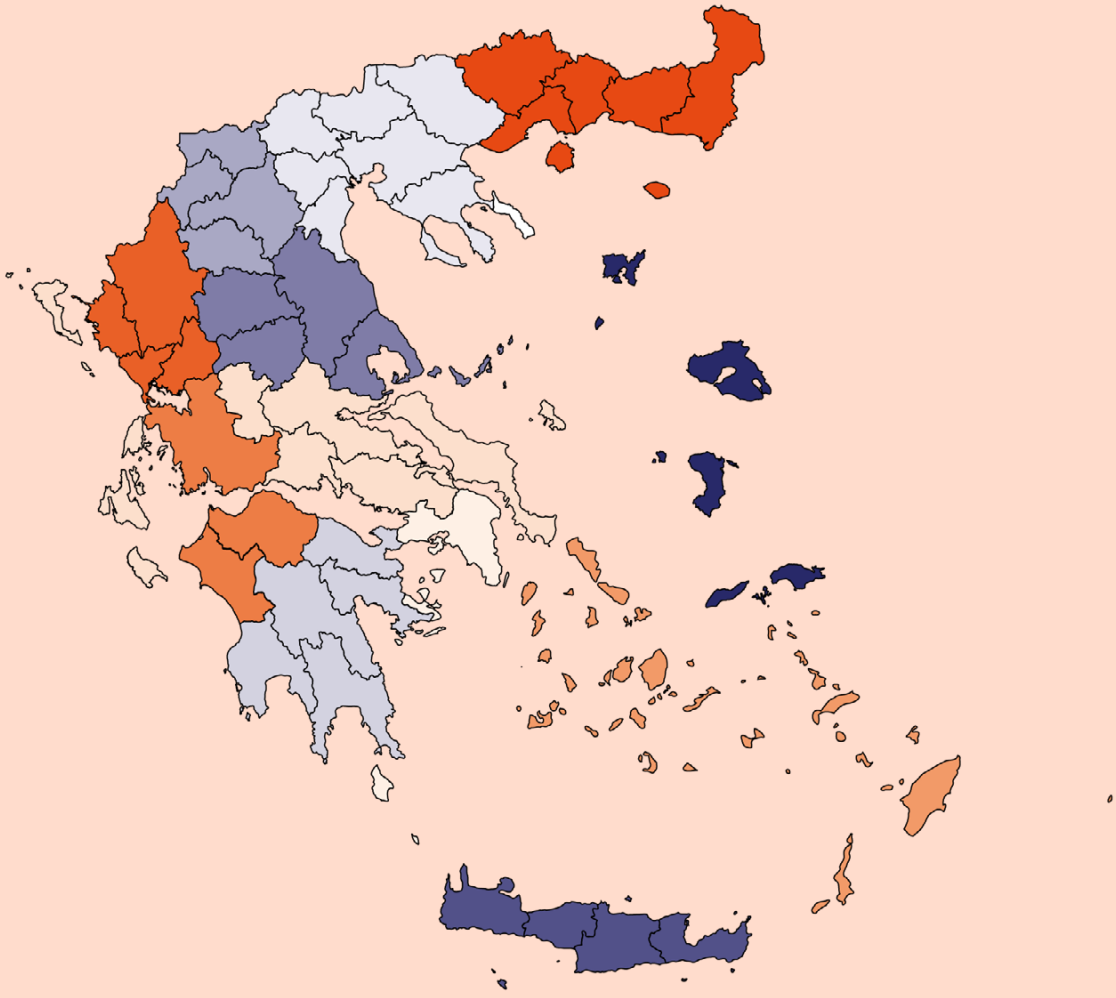
Children's happiness in Greece during the school year 2024-2025 is estimated at 77.94%, while 22.06% of children reported being unhappy. According to Map 3.3.1, children's happiness differs across the regions of Greece. More specifically, the highest levels of children's happiness are recorded in the North Aegean

1. See: World Happiness Report (2026).

2. See: Izzo et al. (2024).

3. See: Hoosen et al. (2024), and Marquez et al. (2024).

MAP 3.3.1
Mapping children's happiness in Greece



Source: Own processing of primary data in QGIS, collected by the Centre of Planning and Economic Research (KEPE) through permission from the Ministry of Education.

Note: The primary data were first processed using IBM SPSS Statistics. The percentages refer to the proportion of children who reported being happy within each region. The statistical significance of differences among regions was examined using Pearson's Chi-Square test of independence.

TABLE 3.3.1 Association between children's happiness and selected socio-demographic, school and family characteristics (N = 3,046)

Characteristic	Category	Happy children (%)	χ^2 (Pearson)	p-value
Area	Rural/Mountainous/Island areas	77.13	0.639	0.424
	Urban areas	78.40		
School category	Elementary school	**91.00**	129.869	**<0.001**
	Junior-High school	81.65		
	High school	67.26		
Gender	Boys	**82.99**	33.401	**<0.001**
	Girls	74.01		
Family structure	Single-parent household headed by mother	72.35	10.847	0.004
	Single-parent household headed by father	78.07		
	Two-parent household	**79.23**		
School performance	Good	**80.55**	23.204	**<0.001**
	Average	76.24		
	Poor	64.81		
Family size	One-child family	76.35	19.672	**0.001**
	Two-child family	**80.54**		
	Three-child family	77.74		
	Four to five-child family	70.93		
	Six or more children	63.64		
Nationality	Greek	**79.69**	10.392	**0.001**
	Other nationalities	74.03		

Source: Own processing of primary data in IBM SPSS Statistics, collected by the Centre of Planning and Economic Research (KEPE) through permission from the Ministry of Education.

Note: The percentages refer to the proportion of children who reported being happy within each category of the corresponding characteristic. Associations were examined using Pearson's Chi-Square test of independence.

TABLE 3.3.2 Association between children's happiness and the dimensions of child well-being (N = 3,046)

Child well-being dimensions	Happy children (%) (Not meeting the dimension)	Happy children (%) (Meeting the dimension)	χ^2 (Pearson)	p-value
Home conditions	71.08	**78.57**	7.440	**0.006**
Nutrition	70.23	**80.52**	34.082	**<0.001**
Absence of guardians' unemployment	64.62	**78.62**	14.169	**<0.001**
Free healthcare	70.97	**78.46**	7.761	**0.005**
Moral education from the wider environment	67.22	**81.46**	64.677	**<0.001**
Leisure	57.38	**81.42**	122.791	**<0.001**

Source: Own processing of primary data in IBM SPSS Statistics, collected by the Centre of Planning and Economic Research (KEPE) through permission from the Ministry of Education.

Note: The percentages refer to the proportion of children who reported being happy within each category of the corresponding child well-being dimension. Associations were examined using Pearson's Chi-Square test of independence.

TABLE 3.3.3 Association between children's happiness and selected everyday life experiences (N = 3,046)

Characteristic	Category	Happy children (%)	χ^2 (Pearson)	p-value
Peer support	Low	69.95	68.977	**<0.001**
	High	**84.91**		
Neighbourhood satisfaction	Low	62.05	112.252	**<0.001**
	High	**82.04**		
Daily life satisfaction	Low	37.68	465.222	**<0.001**
	High	**84.79**		

Source: Own processing of primary data in IBM SPSS Statistics, collected by the Centre of Planning and Economic Research (KEPE) through permission from the Ministry of Education.

Note: The percentages refer to the proportion of children who reported being happy within each category of the corresponding variable. Associations were examined using Pearson's Chi-Square test of independence.

(84.13%), Crete (84.03%), and Thessaly (82.80%). These are followed by Western Macedonia (82.08%), the Peloponnese (80.81%), and Central Macedonia (80.47%). By contrast, the lowest level of children's happiness is recorded in Eastern Macedonia and Thrace (68.97%).

According to Table 3.3.1 above, children's happiness is not associated with whether children live in urban areas or in rural/mountainous/island areas. Nevertheless, a statistically significant association was found between school category and children's happiness (Table 3.3.1), with the percentage of happy children gradually declining from elementary school children (91.00%) to junior-high school children (81.65%) and high school children (67.26%). Furthermore, children's happiness is associated with gender (Table 3.3.1). More specifically, a higher share of boys (82.99%) reported being happy compared with girls (74.01%). In addition, children's happiness differs significantly according to family structure (Table 3.3.1). The highest level of children's happiness was recorded among children living with two parents (79.23%), whereas the lowest level was recorded among children living in single-parent households headed by their mother (72.35%). Furthermore, children's happiness is associated with school performance (Table 3.3.1), with the percentage of happy children gradually declining from children with good school performance (80.55%) to children with average school performance (76.24%) and children with poor school performance (64.81%). Moreover, children's happiness is associated with family size (Table 3.3.1). Children with one sibling recorded the highest level of happiness (80.54%), compared with only children and children with two or more siblings. Happiness levels tend to decline in large families, particularly among families with six or more children. Moreover, children's happiness is associated with nationality (Table 3.3.1), with children of Greek nationality (79.69%) recording higher levels of happiness than children of other nationalities (74.03%).

According to Table 3.3.2 above, children's happiness is significantly associated with all Dimensions constituting General Child Well-Being. More specifically, children's happiness is associated with Home conditions (Dimension 1 of Economic Child Well-Being) (Table 3.3.2), with children meeting the Home conditions Dimension recording higher levels of happiness (78.57%) than children not meeting the Home conditions Dimension (71.08%). Furthermore, children's happiness is associated with Nutrition (Dimension 2 of Economic Child Well-Being) (Table 3.3.2), with children meeting the Nutrition Dimension recording higher levels of happiness (80.52%) than children not meeting the Nutrition Dimension (70.23%). Moreover, children's happiness is associated with the Absence of guardians' unemployment (Dimension 3 of Economic Child Well-Being) (Table 3.3.2), with children meeting the Absence of guardians' unemployment Dimension recording higher levels of happiness (78.62%) than children not meeting the Absence of Guardians' Unemployment Dimension (64.62%). In addition, children's happiness is associated with Free healthcare (Dimension 4 of Non-Economic Child Well-Being) (Table 3.3.2), with children meeting the Free healthcare Dimension recording higher levels of happiness (78.46%) than children not meeting the Free healthcare Dimension (70.97%). Furthermore, children's happiness is associated with Moral education from the wider environment (Dimension 5 of Non-Economic Child Well-Being) (Table 3.3.2), with children meeting the Moral education from the wider environment Dimension recording higher levels of happiness (81.46%) than children not meeting the

Moral education from the wider environment dimension (67.22%). Moreover, children's happiness is associated with Leisure (Dimension 6 of Non-Economic Child Well-Being) (Table 3.3.2), with children meeting the Leisure dimension recording higher levels of happiness (81.42%) than children not meeting the Leisure Dimension (57.38%).

According to Table 3.3.3 above, children's happiness is associated with peer support, with children reporting higher levels of peer support recording higher levels of happiness (84.91%) than those reporting lower levels (69.95%). Furthermore, children's happiness is associated with the level of satisfaction with the beauty of their neighbourhood (Table 3.3.3), with children reporting higher levels of satisfaction recording higher levels of happiness (82.04%) than those reporting lower levels of satisfaction (62.05%). Moreover, children's happiness is associated with the level of satisfaction with their daily life (Table 3.3.3), with children reporting higher levels of satisfaction recording substantially higher levels of happiness (84.79%) than those reporting lower levels of satisfaction (37.68%).

3.3.3. Conclusions

Overall, the findings indicate that approximately eight out of ten children in Greece reported being happy during the 2024–2025 school year.

Furthermore, the findings indicate that children's happiness is associated with the region of residence, school category, gender, family structure, family size, school performance, nationality, the six dimensions of Child Well-Being, peer support, neighborhood satisfaction, and daily life satisfaction.

More specifically, higher levels of happiness were recorded among children living in the North Aegean, Crete, and Thessaly; among elementary school children; among boys; among children living in two-parent households; among children with one sibling; among children with good school performance; among children of Greek nationality; among children with higher levels of Child Well-Being; among children reporting higher levels of peer support; among children reporting higher levels of neighborhood satisfaction; and among children reporting higher levels of daily life satisfaction.

Although children's happiness is associated with both the region in which they live and neighborhood satisfaction, it is not associated with whether they live in urban or rural/mountainous/island areas.

This section contributes to the empirical investigation of children's happiness in Greece by drawing on a large nationwide sample of students and examining the association between children's happiness and multiple dimensions of Child Well-Being. Future research could further investigate the factors associated with children's happiness by applying multivariate statistical techniques and longitudinal analyses.

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World Happiness Report (2026). WHR Dashboard

4. Reforms-Economic development

KEPE, *Greek Economic Outlook,* issue 60, 2026, pp. 59-62

4.1. External trade of agri-food products

Athanasios Chymis

4.1.1. Greece's overall external trade

Greece's total external trade in 2025 slightly declined. Table 4.1.1 presents the evolution of total trade, trade in petroleum products, total trade excluding petroleum products, as well as trade in agri-food products and total trade excluding both petroleum products and agri-food products.

The presentation of Table 4.1.1 has the following objectives. First, to provide an overview of total trade. Second, to provide an overview of trade in agri-food products, which is the focus of this column. Last, but not least, to provide a clearer picture of total trade by excluding petroleum products (oil), which, due to their significant share in total trade (19.1% of imports and 26.1% of exports), distort the picture of the rest of trade.

The significant decline in oil trade (24.3% for imports and 14.8% for exports) led to a 3.1% decrease in total imports and a 2.6% decrease in total exports. The immediate result of this development is a 3.9% reduction in the overall trade deficit. This seemingly positive trend changes when we exclude oil and get a clearer picture of trade. Thus, total imports excluding oil increased by 4.2%, while corresponding exports rose by only 2.6%, resulting in a 6.1% increase in the deficit.

It is true that the Greek economy continues to face structural problems in its production model, resulting in imports far exceeding exports. Consequently, even a small percentage increase in imports immediately leads to a larger percentage increase in the trade deficit. A significantly larger percentage increase in exports is needed on an annual basis to be able to contain or even reduce the growth of the deficit. The Greek economy needs to drastically reform its production model if it is to reduce the trade deficit.

Looking at total exports excluding oil and agri-food products, following a period of significant export growth, Greek exports appear to have lost momentum since 2022. Whereas agri-food products continue to maintain their export momentum, all other products show marginal growth in 2025. From a peak of €24.66 billion in 2022, their average annual rate is -1%. Conversely, imports continue to grow at an average annual rate of 2% (2.9% for 2025), reaching a new peak of €53.53 billion. The difference (i.e., the deficit) also highlights the structural weaknesses in the productive fabric of the Greek economy, which still do not seem to have been addressed thereby undermining the economy's future. This trend is the result of faster growth in agri-food imports (10%) compared to the corresponding growth in exports (6.6%). In fact, 2025 marks the second consecutive year in which imports are growing significantly faster than exports. Already in 2024, imports "soared" by 7.8%, while exports grew at nearly half that rate (4%). As a result, the €462 million surplus in 2023 shrank to just €84 million in 2024.

As for agri-food products, recent developments are not quite as encouraging. The trade surplus of the last few years evaporated and turned into a deficit in 2025. It is worth noting that the trade surplus in agri-food trade appeared for the first time in 36 years in 2020 as a direct result of two main forces: a) the steady increase in exports since the economic crisis and, b) the decrease in imports in 2020 due to a severe decline in tourism caused by the pandemic. The surplus was maintained in 2021, turned into a small deficit in 2022, only to reappear again in 2023 and 2024.

4.1.2. Agri-food products trade

As this column has noted in previous years, maintaining a trade surplus is no easy task. The main reason is the significant growth in tourism in recent years. Increased tourism means increased demand for food and agri-food products. This translates into increased agri-food imports. The corresponding rate of growth in exports, although significant throughout the period since the onset of the economic crisis, is not sufficient to maintain the surplus that was created primarily due to the temporary rise in olive oil and cotton prices as well as the lower imports due to the pandemic.

The decline in prices for these products in 2025 result-

TABLE 4.1.1 Total trade of goods and agri-food products (in billion €)

	2021	2022	2023	2024	2025	% Change 2024-25	% Average annual rate 2022-25
				Imports			
Total imports	64.24	93.05	82.75	84.85	82.21	-3.1	-4.0
Petroleum products imports	16.96	32.47	22.76	21.63	16.37	-24.3	-20.4
Total imports (except petroleum products)	47.28	60.58	59.98	63.22	65.84	4.2	2.8
Agri-food products	**7.86**	**10.20**	**10.39**	**11.20**	**12.32**	**10.0**	**6.5**
Agri-food %	*16.6*	*16.8*	*17.3*	*17.7*	*18.7*		
Imports except agri-food products	39.42	50.38	49.59	52.02	53.53	2.9	2.0
				Exports			
Total exports	39.95	54.68	50.94	49.94	48.65	-2.6	-3.8
Petroleum products exports	11.27	20.11	16.48	14.91	12.70	-14.8	-14.2
Total exports (except petroleum products)	28.69	34.57	34.47	35.03	35.95	2.6	1.3
Agri-food products	**8.35**	**9.91**	**10.85**	**11.28**	**12.02**	**6.6**	**6.7**
Agri-food %	*29.1*	*28.7*	*31.5*	*32.2*	*33.5*		
Exports except agri-food products	20.34	24.66	23.61	23.75	23.92	0.8	-1.0
				Trade balance			
Total balance	-24.29	-38.37	-31.80	-34.91	-33.56	-3.9	-4.4
Excluding petro-products	-18.59	-26.01	-25.52	-28.19	-29.90	6.1	4.7
Agri-food	**0.49**	**-0.30**	**0.46**	**0.08**	**-0.29**	*	**-0.2**
Excluding agri-food products	-19.08	-25.72	-25.98	-28.27	-29.60	4.7	4.8

Source: Hellenic Statistical Authority (ELSTAT), own calculations.

* Due to changes in the sign, calculation of the rate of change is not possible.

ed in a slowdown in export growth. Consequently, in 2025, despite a 6.6% increase in exports, the dramatic 10% rise in imports led to the elimination of the already limited surplus of €84 million from 2024 and the reappearance of a deficit of €293 million. The Greek economy's inability to maintain a surplus even in a dynamic and robust sector such as agri-food products is indicative of the general weakness of its productive model.

Table 4.1.2 shows the trend in imports for the period 2020–2025. It should be noted that significant increases in agri-food imports coincide with years of a correspondingly significant rise in tourist visits. This is something that the leaders of both sectors (tourism and agri-food production) should address jointly to foster cooperation in promoting quality agri-food products to visitors in Greece who would prefer to try domestic products rather than imported ones, which they can, after all, access in their own countries daily.

Meat products (including live animals, though in small quantities), as always, account for the largest share of total imports at 17.6% and exceeded €2 billion in value for the first time. It should be noted that for most products, rising prices are the main driver of the increase in total import value. Although the table shows only import values (i.e., neither product prices nor import quantities are shown), it is worth noting that for meat products, the increase in imported volume is around 5%, while the increase in value approaches 15%, indicating a significant rise in prices on a global scale due to growing geopolitical tensions.

Dairy products rank second with a 12.7% share of imports, while fruits and vegetables rank third with 11.9%. The unit price of dairy products did not increase significantly, so the rise in value is mainly due to the increase in the volume of imports. In contrast, for fruits and vegetables, the unit price rose significantly, adding to the increase in the volume of imports.

Coffee products had the most significant price increase; while the volume of imports rose by about 7%, their value increased by about 30% compared

TABLE 4.1.2 Imports of agri-food products categories in million € (M €)

	2020		2021		2022		2023		2024		2025	
	M €	%	M €	%	M €	%	M €	%	M €	%	M €	%
Meat products [a]	1,132	17.0	1,218	15.5	1,582	15.5	1,762	17.0	1,886	16.8	2,162	17.6
Dairy	819	12.3	934	11.9	1,297	12.7	1.233	11.9	1,414	12.6	1,569	12.7
Fruit-Vegetables	817	12.3	898	11.4	1,061	10.4	1.184	11.4	1,331	11.9	1,463	11.9
Coffee, tea, etc.	436	6.6	502	6.4	617	6.0	683	6.6	864	7.7	1,120	9.1
Cereals	664	10.0	831	10.6	1,081	10.6	979	9.4	992	8.9	1,048	8.5
Fish	423	6.4	544	6.9	706	6.9	684	6.6	766	6.8	856	6.9
Feeding stuff	548	8.2	659	8.4	811	7.9	810	7.8	833	7.4	792	6.4
Tobacco	286	4.3	340	4.3	398	3.9	458	4.4	504	4.5	603	4.9
Various foodstuff	376	5.7	423	5.4	503	4.9	502	4.8	544	4.9	600	4.9
Beverages	235	3.5	324	4.1	445	4.4	493	4.7	503	4.5	532	4.3
Oils and fats	224	3.4	367	4.7	568	5.6	488	4.7	459	4.1	461	3.7
Oil seeds	186	2.8	220	2.8	302	3.0	305	2.9	360	3.2	390	3.2
Sugars	209	3.1	225	2.9	360	3.5	378	3.6	317	2.8	284	2.3
Raw materials	134	2.0	167	2.1	182	1.8	188	1.8	213	1.9	222	1.8
Wood	132	2.0	157	2.0	221	2.2	196	1.9	173	1.5	173	1.4
Hides-skins	14	0.2	18	0.2	30	0.3	18	0.2	13	0.1	17	0.1
Total	**6,653[b]**		**7,855**		**10,204**		**10,390**		**11,197**		**12,317**	

Source: Hellenic Statistical Authority (ELSTAT), own calculations.

[a] Includes live animals and meat products.

[b] The sum of values for each product may not equal to 'Total' because some categories with insignificant values such as cotton, natural rubber, other natural textile fibers, wool and jute are not included.

to 2024. As a result, coffee and tea products rose to fourth place, surpassing cereal imports. It is worth noting that the product categories whose prices fell in 2025 are sugars, animal feed, cereals, tobacco, hides, and oilseeds. Thus, despite the increase in imported quantities of sugars and animal feed by 2% and 8%, respectively, the total import value of these products decreased by 10% and 5%, respectively. These are the only products whose imports declined in 2025. For tobacco products, the large 25% increase in the volume of imports led to a 19% increase in value due to a decrease in their price. The result is similar for other product categories where prices fell, as the increase in imported volumes outweighed the price decrease.

Finally, it should be noted that beverages and live animals (which are included in the meat products category in Table 4.1.2) are the only product categories that declined in import volumes, by 3% and 14%, respectively. This decline was fully offset by a significant increase in their unit prices, resulting in a rise in their import value in 2025.

Table 4.1.3 shows the trend in exports of the main categories of agri-food products for the period 2020–2025. As always, fruits and vegetables account for the lion's share at 32.1%, or nearly one-third of total agri-food exports. Dairy products come in second, with feta cheese as the main player. Fish maintained third place despite a slight decrease (-2%) in export volumes for the second consecutive year. The significant increase in their price led to an 18% rise in value.

Cotton, like oils and fats (with olive oil as the main product), saw a significant drop in price; as a result, despite a 30% increase in the volume of oil exports, their export value declined by 4%. Cotton decreased by 10% in export volume and 25% in export value. The role of oils and cotton was crucial in maintaining the trade surplus in 2020, 2021, 2023, and 2024. It is mostly the drop in olive oil prices (among all other changes in agri-food trade) that resulted in the elimination of the surplus in 2025.

A decline in export volumes in 2025 was observed in the following product categories: live animals (14%, a subset of meat products), fish (2%), cereals (14%), cotton (10%), and hides (6%). In addition, a decrease in unit price, excluding cotton and oils, was observed for dairy products, sugars, animal feed, beverages, oilseeds, timber, and hides. Among the above products, a decrease in export value was observed only for sugars and beverages, which means that for the remaining products, the increase in export volumes more than offset the decrease in unit price.

TABLE 4.1.3 Exports of agri-food products categories in million € (M €)

	2020		2021		2022		2023		2024		2025	
	M €	%	M €	%	M €	%	M €	%	M €	%	M €	%
Fruit-Vegetables	2,425	33.8	2,514	30.1	2,868	28.9	3,226	29.7	3,575	31.7	3,864	32.1
Dairy	805	11.2	920	11.0	1,117	11.3	1,347	12.4	1,469	13.0	1,728	14.4
Fish	728	10.1	807	9.7	940	9.5	956	8.8	1,011	9.0	1,190	9.9
Tobacco	550	7.7	629	7.5	798	8.1	929	8.6	1,019	9.0	1,136	9.4
Oils and fats	570	7.9	745	8.9	1,047	10.6	1,437	13.2	1,097	9.7	1,057	8.8
Cereals	467	6.5	611	7.3	777	7.8	822	7.6	906	8.0	887	7.4
Various foodstuff	376	5.2	400	4.8	470	4.7	451	4.2	419	3.7	419	3.5
Beverages	235	3.3	281	3.4	337	3.4	339	3.1	356	3.2	347	2.9
Cotton	397	5.5	685	8.2	638	6.4	420	3.9	431	3.8	324	2.7
Meat products [a]	138	1.9	189	2.3	241	2.4	237	2.2	276	2.4	300	2.5
Feeding stuff	120	1.7	135	1.6	185	1.9	213	2.0	220	2.0	229	1.9
Coffee, tea, etc.	86	1.2	100	1.2	102	1.0	115	1.1	138	1.2	174	1.4
Oil seeds	101	1.4	97	1.2	137	1.4	114	1.1	111	1.0	115	1.0
Sugars	75	1.0	90	1.1	107	1.1	106	1.0	114	1.0	108	0.9
Raw materials	58	0.8	70	0.8	72	0.7	72	0.7	76	0.7	88	0.7
Hides-skins	30	0.4	57	0.7	55	0.6	49	0.5	48	0.4	43	0.4
Wood	12	0.2	14	0.2	15	0.2	16	0.1	15	0.1	17	0.1
Total	**7,177** [b]		**8,347**		**9,909**		**10,852**		**11,281**		**12,024**	

Source: Hellenic Statistical Authority (ELSTAT), own calculations.

[a] Includes live animals and meat products.

[b] The sum of values for each product may not equal to 'Total' because some categories with insignificant values such as wool, natural rubber, other natural textile fibers and jute are not included.

4.1.3. Concluding remarks

The trade surplus that the agri-food sector achieved for the first time in 36 years in 2020 was due to two key factors: a) the resilience and momentum the sector developed during the economic crisis, which directly reduced the historically high deficit of €3 billion in 2008 to approximately €0.5 billion before the COVID-19 pandemic; and b) the pandemic, which impacted imports due to the decline in tourist arrivals caused by lockdowns. This factor persisted into 2021, while in 2022 the sudden surge in tourism led to a sharp rise in imports and a temporary trade deficit.

The following dramatic rise in olive oil prices led to a trade surplus in 2023 and 2024, although it was significantly reduced in 2024. The steady growth of tourism is a key factor (apart, of course, from the increase in domestic demand), which drives significant increases in imports of agri-food products. The growth rate of imports in 2025 is 10%, while that of exports is 6.6%. As a result, the already shrinking trade surplus of 2024, amounting to just €84 million, turned into a deficit of €293 million in 2025.

As mentioned above, it is important for the agri-food sector to collaborate with the tourism services sector, particularly the food service industry (restaurants and hotels) to supply restaurants and hotels with agri-food products—not only of Greek origin in general but primarily of local origin—to support local producers. This will increase demand for local products, leading to higher production of agri-food products and better vertical integration of production at the local level (processing). This procedure will have positive impact on the use of arable land that is currently lying fallow, and, of course, give an incentive to young people to stay in rural areas.

Concluding, it is worth reemphasizing the need to change the Greek economy's production model, which continues to lag behind its partners in terms of export growth. Increasing production through new investments, particularly foreign direct investment, is the key to boosting exports across all sectors of the economy.

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Life satisfaction and emotions: Trends for the period 2019-2025

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Abstract

This article explores key dimensions of subjective well-being in Greece during 2019–2025, a period characterized by intense international challenges (the pandemic, geopolitical disruptions, inflation). Starting from the premise that traditional economic indicators do not fully capture well-being, a holistic approach is adopted, examining life satisfaction and dominant emotions. The findings indicate that life satisfaction and happiness levels remained relatively stable, with a decrease in happiness in 2020 and in life satisfaction in 2022. Statistical analysis reveals that age, socioeconomic status, and decision-making profiles constitute differentiating factors. The findings support the need for targeted interventions that place quality of life at the center, taking into account the complex interplay of social, demographic, and behavioural variables to promote well-being.

Keywords: *Subjective well-being, life satisfaction, emotions.*

JEL Codes: *D60, I31.*

1. Introduction

Subjective well-being, with life satisfaction as its principal indicator, constitutes a central subject of economic and social analysis. According to Diener et al. (1998), subjective well-being is defined as the evaluation and appraisal that an individual makes regarding their own life. This evaluation may encompass both cognitive states, such as satisfaction with marriage, work, and life in general, and affective states, which concern the presence of positive and the absence of negative emotions. Similarly, for the OECD (2013, 2025), subjective well-being refers to how people experience and evaluate their lives, encompassing not only positive and negative evaluations but also emotional reactions to their experiences. Subjective well-being therefore constitutes a multidimensional construct, comprising cognitive evaluations, affective reactions to daily experiences, as well as eudaimonia, whic h concerns a sense of purpose and meaning in one's existence (OECD, 2013, 2025). Beyond the above, composite indicators have been developed that record and present both social progress and quality of life on the basis of differentiated conceptual frameworks (see Stiglitz et al., 2009).

The investigation of subjective well-being over time becomes particularly important during periods of prolonged uncertainty and fluid socioeconomic conditions. Worldwide, in recent years, successive crises have erupted across various domains (health, geopolitics, inflation). Within this context, the trajectory of the global Negative Experience Index (Gallup World Poll)[1] is of particular interest, with the index remaining

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- Opinions or value judgements expressed in this article are the authors' own and do not necessarily reflect those of the Centre of Planning and Economic Research.

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1. For further information regarding the index, see https://www.gallup.com/405494/indicator-global-emotional-wellbeing.aspx

at elevated levels in 2024, slightly lower than during the 2020-2022 period. At the same time, according to the *State of the World's Emotional Health 2025* report (Gallup, 2025), negative emotions in 2024 were recorded as higher than a decade earlier, indicating that accumulated stress and insecurity persist, despite being considerably removed from the peak of the pandemic. Other contributing factors to this situation include structural changes in social capital, the erosion of institutional trust, and the rapid transformation of interpersonal relationships through the digital environment, as all of these constitute the most critical factors determining the level of individual and collective well-being (Helliwell et al., 2026).

In the Greek context, the aforementioned figures need to be contextualized within the broader framework of economic, social, and political behaviours, which in recent years have been shaped by both a decade-long period of austerity and successive crises (Petrakis et al., 2026). Consequently, this article examines the evolution of overall life satisfaction in Greece during 2019-2025, a period marked by successive global crises and significant socioeconomic transformations. Life satisfaction corresponds to the cognitive dimension of subjective well-being, which, according to Veenhoven (1996), is defined as the degree to which an individual positively evaluates the overall quality of their life. Correspondingly, emotions concern individuals' immediate evaluations of the events of their daily lives (Diener et al., 1999). These two dimensions together constitute the concept of subjective well-being (Pavot & Diener, 2009).

The present article focuses on (a) presenting life satisfaction and the emotions examined over a five-year span; (b) the cross-sectional differentiation of the factors examined by gender, age group, and socioeconomic class category; and (c) the influence of behavioural patterns, distinguishing among rational individuals, non-rational individuals, individuals exhibiting risk-averse behaviour, and, finally, individuals who do not fall into any of the three preceding categories (the "Other" category).

The data used in the analysis that follows were drawn from surveys conducted by Metron Analysis on behalf of the National and Kapodistrian University of Athens. The findings of the analysis aim, on the one hand, to contribute to the discussion on identifying the determinants of subjective well-being and, on the other hand, to provide useful evidence that may inform policies designed to strengthen social resilience and further reduce inequalities. Overall, the use of data from the 2019-2025 period allows for a more comprehensive understanding of the social impacts of multiple crises, while simultaneously highlighting the need to develop a multidimensional framework for interpreting well-being.

The remainder of the article is structured as follows: The second section develops the theoretical and comparative framework that contextualizes the empirical findings. The third section presents the research profile and the methodology employed, while the fourth section presents the evolution of life satisfaction over the period under examination. The fifth section examines the results concerning emotions, while the final section summarizes the preceding discussion and presents useful conclusions.

2. Theoretical and comparative framework

The findings covering the 2019–2025 period can be interpreted by contextualizing the Greek case within a broader theoretical framework that combines the political economy with contemporary global research on well-being.

2.1. The cultural and behavioural identity of Greece

Human behaviour, as well as subjective satisfaction, is shaped within an already established cultural framework. According to the extensive analysis by Petrakis et al. (2026), there are certain cultural dimensions that characterize Greek society and, consequently, explain both its social cohesion and its economic responses. Drawing on the well-established models of Hofstede (2001) and the GLOBE program (House et al., 2004), the authors demonstrate that, globally, Greece records one of the highest scores (112 on the Hofstede scale) on the dimension of "uncertainty avoidance." Greek society appears to be characterized by a social aversion toward the unpredictable, a fact that acts as an aggravating factor, intensifying anxiety and insecurity during periods of crisis.

At the same time, Greece is characterized by high "in-group collectivism" and relatively low "institutional collectivism" (Petrakis et al., 2026). In practical terms, this means that Greeks tend to trust impersonal state institutions less. Instead, they rely primarily on the close-knit core of family and friends, in whom they invest the greater part of their trust and solidarity.

Viewed through the lens of Inglehart's evolutionary theory (Inglehart & Welzel, 2005; Inglehart, 2018), it is generally observed that societies shift from "survival values" toward "self-expression values" as their economic and existential security increases. With respect to Greece, the successive crises (fiscal, pandemic, inflationary) experienced by the country appear to have led society toward what Petrakis et al. (2026) describe

as the "insecurity hypothesis," that is, a regression or stagnation toward survival values. In other words, when livelihood and material stability are threatened, a retreat from the pursuit of self-actualization is observed, with citizens seeking refuge in traditional institutions such as the family.

2.2. Behavioural economics, rationality, and risk aversion

Beyond the examination of cultural values, interpreting life satisfaction requires an adequate understanding of how decisions are made at the individual level. Traditional economic theory (the neoclassical model) is based on the assumption of a perfectly rational individual (*Homo economicus*), who seeks to maximize their utility. However, modern behavioural economics, founded by Kahneman and Tversky (1979) through the development of Prospect Theory, rests on the premise that people act with "bounded rationality". Their decisions are systematically influenced by cognitive biases, emotional factors, and the framing effect.

One of the most characteristic examples of deviation from rational choice under conditions of probability is the Allais paradox (Allais, 1953, 1979). This paradox demonstrates that individuals violate the independence axiom of expected utility theory, showing a preference for certain outcomes over uncertain alternatives, even when the latter present a higher expected value. Such behaviour is directly associated with risk aversion, referring to the tendency to prefer a certain outcome over an uncertain one with equal or greater expected value.

In the Greek society, following the rapid deterioration of living standards during the 2010s, risk aversion constitutes a dominant behavioural pattern (Petrakis et al., 2026). Within this framework, the theoretical concepts discussed above are employed to classify the participants in the present study into categories of behavioural patterns (rational, risk-averse, non-rational, and respondents exhibiting inconsistent behaviour who cannot be classified into the previous categories). This classification enables the examination of the relationship between decision-making patterns under uncertainty and subjective well-being within a context of socioeconomic change.

2.3. The global landscape of well-being and the digital ecosystem

To strengthen the robustness of the conclusions, the Greek findings are considered alongside the rapid economic, social, and political changes that have unfolded at the international level. According to the *World Happiness Report 2026*, a historic reversal has taken place. Specifically, in the developed countries of the West (the United States, Canada, Australia and the United Kingdom, among others), young people under the age of 25 now report a sharp decline in life satisfaction, with an average decrease of 0.86 points for the United States, Canada, Australia, and New Zealand on the Cantril Ladder scale (1-10) relative to the 2006-2010 period (Helliwell et al., 2026). By contrast, in eight of the ten geographic regions examined, younger people now report higher evaluations compared to fifteen years ago (Helliwell et al., 2026).

This report contains extensive chapters devoted to the relationship between social media and well-being. According to PISA 2022 data from 47 countries, life satisfaction is higher at low levels of social media use and lower at high levels for young people up to age 15, particularly among girls and in English-speaking countries and Western Europe (Helliwell et al., 2026). Furthermore, Ozkok et al. (2026), drawing on European Social Survey data (2016-2024) covering 30 European countries, demonstrate that internet use has a negative causal effect on the well-being of younger generations (Gen Z, Millennials), owing to the erosion it causes in interpersonal and institutional trust. At the same time, Sunstein (2026) identifies the phenomenon of "product traps", whereby a large proportion of young users recognize that social media leads to a decline in their well-being, yet remain locked into using them due to social pressure. Finally, Gracia et al. (2026), drawing on data from a sample of 43 countries, find that problematic social media use has disproportionately negative effects on young people of lower socioeconomic status, who lack alternative resources for social protection.

This international perspective, as presented above, provides an important comparative lens for interpreting the domestic findings, as it highlights global trends against which the Greek results can be evaluated.

3. Research identity and methodology

The present analysis used primary data drawn from a nationwide public opinion survey conducted by Metron Analysis on behalf of the National and Kapodistrian University of Athens (NKUA) (November 2019, October 2020, September 2022, December 2023, October 2025). The five waves of the survey were carried out at specific and critical time points to capture social responses before, during, and after the peak of multiple crises (pandemic, energy, inflationary). Each wave included approximately 800 respondents, aged 18 years and over, covering all urban and rural areas

of the country. A multistage probability-proportional-to-size (PPS) sampling method was employed, and data were collected through face-to-face household interviews using a structured printed questionnaire.

The methodology follows an established research tradition of measuring subjective well-being through questionnaires, as reflected in international surveys (e.g., Helliwell et al., 2026). Overall life satisfaction was assessed using the Cantril ladder (0–10), which is widely employed in international research (e.g., Gallup World Poll). The affective dimension was assessed using an adapted scale comprising nine emotions, both positive and negative. Participants were first asked to identify the emotion they experience most intensely, followed by a second emotion, with both responses recorded for analysis.

The socioeconomic classification of the sample into upper (A/B), middle (C1, C2), and lower classes (D/E) was based on a combination of the main income earner's education and occupation, according to the established socioeconomic class system of ESOMAR (European Society for Opinion and Market Research) and WAPOR (World Association for Public Opinion Research).

The survey introduces a key methodological innovation grounded in behavioural economics. Specifically, it involves the use of an experimental design of the Allais type (1953, 1979), which is not identical to the original classic experiment but adapts the logic of the classic choice-under-uncertainty paradigm to classify participants according to their attitude toward risk (Petrakis et al., 2026). Based on responses to two hypothetical choice questions, participants were classified into four categories: (a) rational (individuals who maximise mathematical utility), (b) risk averse (individuals who prefer certainty), (c) nonrational, and (d) other respondents with inconsistent response patterns that did not correspond to the previous categories. Note that this classification reflects the respondents' stated preferences at the time of the survey and does not necessarily represent a stable profile over time.[2]

Regarding data quality assurance, internal validation checks were conducted on 30% of the conducted interviews, while survey weights were applied based on the population distributions by sex and age provided by the Hellenic Statistical Authority. The survey was conducted in accordance with the codes of conduct of ESOMAR and SEDEA (Hellenic Association of Market and Opinion Research Companies), thereby ensuring the representativeness and scientific validity of the findings.

Data processing was conducted using IBM SPSS Statistics (version 30.0). Comparisons of means between two independent groups were performed using independent-samples *t*-tests, whereas comparisons involving more than two groups were condected using one-way analysis of variance (ANOVA). The assumption of homogeneity of variances was assessed using Levene's test. Depending on the results of Levene's test, post hoc analyses were performed with Tukey's test when the assumption of homogeneity was met and with the Games–Howell test when it was violated. In cases of unequal variances, Welch's corrected *F*-test was also applied. Associations between categorical variables were examined using the chi-square test of independence. The strength and direction of these associations were evaluated using Cramer's *V*, while standardised residual analyses were conducted to identify specific categories contributing to statistically significant differences. When small expected frequencies affected the applicability of the chi-square approximation, the Monte Carlo simulation was employed to obtain empirical *p* values through simulation without relying on the asymptotic assumptions of the conventional chi-square test (e.g., expected frequencies ≥ 5 per cell) (Field, 2013). Missing data were handled through pairwise deletion. All statistical tests were conducted at a significance level of $\alpha = 0.05$. The results are presented in Tables 1 to 4.[3]

4. Trends over time in life satisfaction

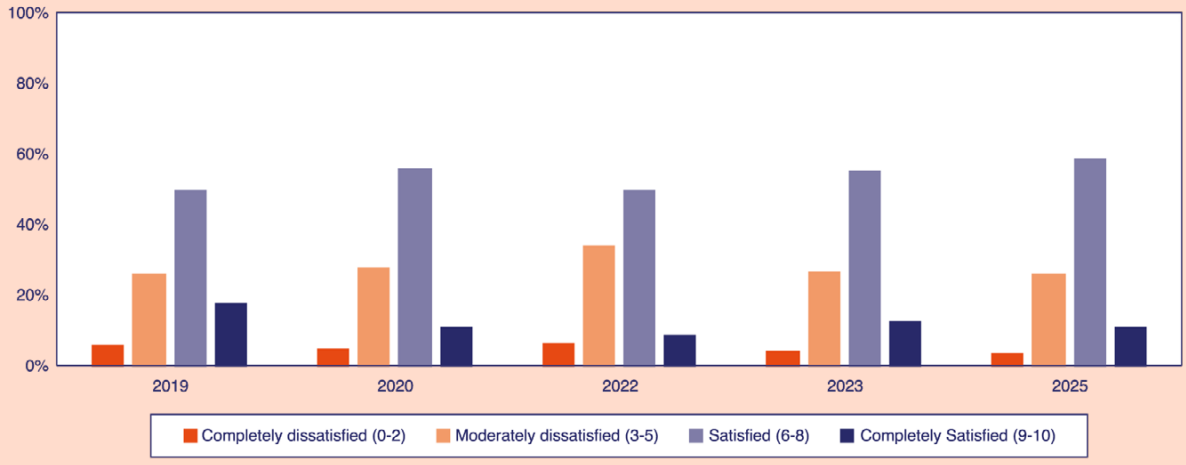
4.1. General trends

Starting with the most recent available data, as shown in Figure 1, in 2025, 70% of the total sample reported satisfaction with life (6-10), whereas 30% reported low satisfaction (0-5). Over the period 2019-2025, the mean level of satisfaction remained relatively stable at $M = 6.3$-6.4, except for 2022, when a notable decline was recorded ($M = 5.9$). This decline was associated with an increase in moderate dissatisfaction and a decrease in high satisfaction. The decline observed in 2022 – which coincided with a major exogenous shock to Greek households, owing to the outbreak of the war in Ukraine and the surge in inflation – may be interpreted through the lens of the "insecurity hypothesis" (Petrakis et al., 2026). More specifically, it ap-

2. In response to the reviewer's comment, it is clarified that the research question focuses on instantaneous preference under hypothetical conditions rather than a permanent psychological trait. Previous studies have shown that risk preferences exhibit a significant degree of stability over time, although they are not entirely immutable (Baucells & Villasís, 2010).

3. For the sake of brevity, Tables 1 through 4 present the statistically significant findings discussed in this article.

FIGURE 1
Distribution of participants' overall life satisfaction levels (20192025)



Source: NKUA – Metron Analysis (November 2019, October 2020, September 2022, December 2023, October 2025). Data processed by the authors.

Note: The weighted mean satisfaction score was 6.4 (2019), 6.3 (2020), 5.9 (2022), 6.4 (2023), and 6.4 (2025), where 0 = "completely dissatisfied" and 10 = "completely satisfied".

pears that the threat to the fundamental ability to make a living, combined with the high level of uncertainty avoidance that characterises the Greek cultural profile, significantly reduced the sense of life satisfaction. Although recovery is observed from 2023 onward, the levels of complete high satisfaction (9-10) do not fully return to the 2019 level.

This decline was by no means a uniquely Greek phenomenon. According to the *World Happiness Report 2026* (Helliwell et al., 2026), Greece ranks 85th among 147 countries, with a mean life evaluation score of 5.697 according to the Gallup World Poll (2023-2025) and the Cantril Ladder scale. Most Western industrialised countries show stagnation or decline compared with the period 2006-2010, with fifteen recording a significant decrease (Helliwell et al., 2026). At the same time, the period 2021-2022 appears to have been the peak of anxiety worldwide, with the Gallup World Poll's Negative Experience Index reaching record levels (33), before returning in 2024 to the 2019 level (31).

4.2. Sex and age group

Regarding sex, men consistently show slightly higher life satisfaction than women across all five rounds, although no statistically significant differences are observed in any year. The values range for men from M = 6 to 6.5 and for women from M = 5.9 to 6.4. This finding is consistent with previous studies, which have produced mixed results or have shown that gender differences in life satisfaction are small and depend on the social context (Joshanloo & Jovanović, 2020).

According to the results of the analysis of variance[4] (see Table 1), life satisfaction differs significantly by age group throughout the period under examination. Specifically, statistically significant differences were observed, with mean values declining systematically as age increases. Over time, the 18-34 age group recorded the highest mean values (M = 6.6 to 7.2), whereas the 65+ group consistently recorded the lowest mean values (M = 5.5 to 6.0). The intermediate age groups showed mean values between these two extremes. These findings are in line with international data, as presented in the *World Happiness Report 2026* (Helliwell et al., 2026), according to which younger people are, on average, happier and report higher life evaluations than older people. At the same time, the protective role of the Greek family should

4. It should be noted that although the values (see Table 1) are relatively low, with demographic factors accounting for a small percentage of the variance in life satisfaction, our results are consistent with the international literature. As Geerling and Diener (2020) point out in one of the most contemporary and representative studies on effect sizes in well-being research, demographic characteristics (gender, age, marital status) consistently exhibit small to very small effect sizes, even when they are statistically significant.

TABLE 1 One-way ANOVA and post hoc comparisons for general life satisfaction by behavioural type, socioeconomic class, and age group per year (2019–2025)

Year	Variable	Categories	*M*	*SD*	*F*	ω^2	Post hoc differences ($p < 0.05$)
2019	Socioeconomic class	A/B	6.95	2.383	F(3, 786) = 6.962*	0.022	D/E < A/B
		C1	6.71	2.136	Welch F(3, 175.66) = 7.325*		D/E < C1
		C2	6.64	2.245			D/E < C2
		D/E	5.90	2.072			
	Age	18–34	7.11	1.907	F(2, 787) = 14.152*	0.032	18–34 > 35–64
		35–64	6.33	2.341	Welch F(2, 445.42) = 16.858*		18–34 > 65+
		65+	6.02	2.122			
2020	Socioeconomic class	A/B	7.18	1.558	F(3, 794) = 6.039*	0.018	D/E < A/B
		C1	6.62	2.143	Welch F(3, 164.60) = 7.364*		D/E < C1
		C2	6.32	1.993			
		D/E	5.93	2.037			
	Age	18–34	6.75	1.872	F(2, 795) = 9.635*	0.021	18–34 > 35–64
		35–64	6.29	1.989	Welch F(2, 427.85) = 9.864*		18–34 > 65+
		65+	5.88	2.133			
2022	Socioeconomic class	A/B	6.32	1.958	F(3, 794) = 5.373***	0.016	D/E < C1
		C1	6.18	2.020			D/E < C2
		C2	6.07	2.033			
		D/E	5.46	2.198			
	Age	18–34	6.62	1.776	F(2, 795) = 17.766*	0.040	18–34 > 35–64
		35–64	5.82	2.113	Welch F(2, 433.05) = 20.293*		18–34 > 65+
		65+	5.47	2.179			
2023	Socioeconomic class	A/B	7.00	1.936	F(3, 795) = 7.60*	0.024	D/E < A/B
		C1	6.95	2.129	Welch F(3, 235.10) = 7.56*		D/E < C1
		C2	6.46	2.023			D/E < C2
		D/E	5.99	2.024			
	Age	18–34	7.15	1.664	F(2, 796) = 21.91*	0.050	18–34 > 35–64
		35–64	6.38	2.104	Welch F(2, 438.29) = 25.44*		18–34 > 65+
		65+	5.85	2.147			35–64 > 65+
2025	Behavioural type	Rational	6.79	1.598	F(3, 791) = 2.885*	0.007	Rational > Risk Averse
		Nonrational	6.48	2.099	Welch F(3, 125.07) = 3.818*		
		Risk Averse	6.27	1.971			
		Other	6.08	1.453			
	Socioeconomic class	A/B	7.10	1.509	F(3, 791) = 9.39*	0.030	A/B > C2
		C1	6.60	1.749	Welch F(3, 269.15) = 11.06*		A/B > D/E
		C2	6.47	2.029			C1 > D/E
		D/E	5.84	1.919			C2 > D/E
	Age	18–34	6.97	1.739	F(2, 792) = 19.303*	0.044	18–34 > 35–64
		35–64	6.39	1.866	Welch F(2, 418.75) = 18.842*		18–34 > 65+
		65+	5.79	2.098			35–64 > 65+

Note: *$p < 0.05$, ***$p < 0.001$. In all analyses where Welch's *F* is reported, Levene's test for homogeneity of variances was statistically significant ($p < 0.05$); therefore, Games–Howell post hoc tests were applied. In contrast, when Welch's *F* is not reported, Levene's test was not significant, and Tukey HSD was used. The unbiased effect size ω^2 (omega squared) is reported for all ANOVA analyses. *SD* = standard deviation.

also be taken into account, as it may function as a shield against the negative impact of factors that undermine life satisfaction.

4.3. Socioeconomic class and the role of rationality

The results regarding socioeconomic class (Table 1) indicate that there is a statistically significant difference in life satisfaction across all years, with upper classes consistently outperforming the lower class (range M = 6.3-7.2 versus M = 5.5-6.0). This finding is reinforced by the *World Happiness Report 2026*, which shows that social support, GDP per capita, and freedom to make decisions are, among other factors, important predictors of life evaluation worldwide (Helliwell et al., 2026).

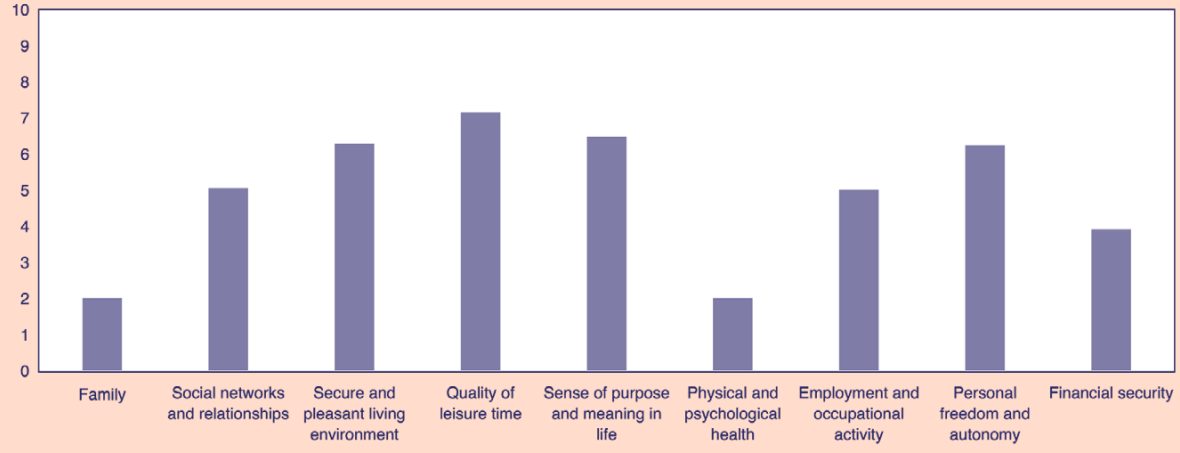
Although, over time, the rational profile has been associated with higher satisfaction, the relationship was statistically significant in 2025 only (Table 1). In that year, rational respondents recorded the highest life satisfaction score (M = 6.8), followed by nonrational respondents (M = 6.5), the risk averse group (M = 6.3), and the group of other respondents (M = 6.1). This finding may be interpreted through the cognitive basis of subjective well-being (Diener et al., 1998) and the relationship between rational thinking tendencies and the quality of decision making (Stanovich, 2011). More specifically, according to prospect theory (Kahneman & Tversky, 1979), deviations from rational processing under conditions of uncertainty affect choices and behaviours, which in turn shape individuals' subjective evaluations. Note that the relationship between rationality and life satisfaction, which was significant in 2025 only, may be due either to genuine temporal variation (for example, a change in socioeconomic conditions) or to random statistical fluctuation, and further investigation of this relationship would be of particular interest.

Overall, it should be noted that although statistically significant effects of sociodemographic factors are observed, they explain only a small proportion of the variance in life satisfaction, suggesting the existence of other measurable or unmeasurable variables (for example, personality traits, institutional quality, social support, interpersonal relationships, or the effects of social media use) that shape a complex construct such as life satisfaction and, more broadly, subjective well-being.

4.4. Factors underlying satisfaction

To further understand the factors associated with overall life satisfaction, the analysis considers the relative importance assigned to individual life domains in the 2025 survey, where a lower mean indicates a higher ranking of the respective factors (Figure 2). The most important factors in the total sample are family (M = 2.0) and physical and psychological health (M = 2.1), followed by financial security (M = 4.0). By contrast, less determining factors are personal freedom and autonomy (M = 6.4), a secure and pleasant living environment (M = 6.4), a sense of purpose and mean-

FIGURE 2
Factors underlying individual life satisfaction by order of importance (2025)



Source: NKUA – Metron Analysis (October 2025). Data processed by the authors.

Note: This question was included only in the 2025 survey. Values represent mean rankings (1 = most important; 9 = least important). Lower mean values indicate greater perceived importance.

TABLE 2 Significant correlations between ranking of life satisfaction factors by behavioural type, socioeconomic class, and age group (2025)

Factor	Categories	χ^2 (df)	Cramer's V	Post hoc differences (p < 0.05)
Family	Behavioural type	67.82 (24)***	0.168	Risk Averse > Rational (rank 1)
	Age	51.94 (16)***	0.180	65+ > 18–34 (rank 1)
	Socioeconomic class	39.88 (24)*	0.129	A/B > D/E (rank 5)
Social networks and relationships	Age	39.27 (16)***	0.157	18–34 > 35–64 18–34 > 65+ (rank 1–2)
Employment and occupational activity	Behavioural type	44.71 (24)**	0.137	Rational > Risk Averse (rank 1–2)
	Age	14.23 (16)***	0.339	18–34 > 35–64 > 65+ (young: 1–2, elderly: 9)
	Socioeconomic class	41.04 (24)*	0.131	A/B > C2 A/B > D/E (rank 1)
Financial security	Behavioural type	43.61 (24)**	0.135	Rational > Risk Averse (rank 1)
	Age	40.31 (16)***	0.159	65+ > 18–34 (rank 3)
	Socioeconomic class	66.19 (24)***	0.166	D/E > C2 (rank 2) A/B > C2, D/E (rank 6)
Personal freedom and autonomy	Behavioural type	63.50 (24)***	0.163	Rational > Risk Averse (rank 5)
	Age	37.95 (16)**	0.154	18–34 > 65+ (rank 6)
Sense of purpose and meaning in life	Age	26.40 (16)*	0.128	65+ > 18–34, 65+ > 35–64 (rank 4)
Secure and pleasant living environment	Age	34.66 (16)**	0.147	18–34 > 65+ 35–64 > 65+ (rank 9)

Note: *p < 0.05, **p < 0.01, ***p < 0.001 (two-tailed significance). In all tables where >20% of expected frequencies were <5, statistical significance was calculated using the Monte Carlo method (10,000 samples). Post hoc differences are based on standardized residuals (|SR| > 1.96, corresponding to p < 0.05). Ratings range from 1 (very important) to 9 (not at all important).

ing in life (M = 6.6), and the quality of leisure time (M = 7.3). The predominance of these priorities (family, health, financial security) suggests that Greek society remains, to a significant extent, oriented toward survival values, in contrast to self-expression values, which characterise the most prosperous postindustrial societies (Petrakis et al., 2026).

Next, a chi-square analysis was conducted to examine the relationship between the nine life satisfaction factors and demographic categories for 2025 (see Table 2 above). It should be noted that no statistically significant association was found between sex and any of the nine factors. Although the priorities related to life satisfaction remain common to men and women, differences are observed in the ranking of priorities across age groups. In older age groups, family, financial security, and a sense of purpose and meaning in life are assigned statistically significantly greater priority than by younger respondents, along with statistically significant linear trends regarding physical and psychological health (Linear trend, $p < 0.05$). By contrast, younger age groups place greater emphasis on social networks and relationships, on a beautiful and safe environment, and, above all, on work, where the strongest age differentiation was observed. Although no statistically significant linear trend was found between age and the evaluation of personal freedom and autonomy (linear trend, $p > 0.05$), the distribution of responses differed significantly across age groups ($\chi^2(16) = 37.95$, $p = 0.002$, Cramer's $V = 0.154$). This may reflect an age-related difference in the perception of personal freedom and autonomy, although no systematic linear pattern was observed. Priorities and perceptions of well-being may change with age, due to differences in psychological needs and life goals (Carstensen, 1999).

Examining the results by socioeconomic class, statistically significant differences are identified with respect to family, work and occupational activity, and financial security. Upper classes assign the highest priority to work, while tending to rate financial security and family at intermediate levels of importance (scores 56 in hierarchy). By contrast, for lower classes, an important factor (second place) is financial security, while work and occupational activity are assigned the lowest importance. At the same time, a statistically significant linear trend was observed, indicating that the importance of family increases progressively as class status declines. Taking Inglehart's theory (1977) into account, the emphasis of lower classes on financial security reflects the need to satisfy basic material conditions of survival, with work serving as the main means of livelihood and protection. By contrast, for upper classes, which enjoy the privilege of material/economic security, work may become a domain of self-actualisation (Maslow, 1943) and social distinction (Bourdieu, 1984), affecting life satisfaction in a different way.

In addition, statistically significant differences were observed when examining the relationship between behavioural type and the ranking of life satisfaction factors, although the effect size was weak. Specifically, significant relationships were found for family, work and occupational activity, financial security, and personal freedom and autonomy. Respondents who reported risk aversion rated family as significantly more critical than rational respondents, while assigning lower importance to work and occupational activity, as well as to personal freedom and autonomy. Rational respondents prioritised work and financial security, while maintaining a more neutral stance toward personal freedom and autonomy, and family. Finally, nonrational respondents tended toward moderate or low ratings of personal freedom and autonomy. As for the remaining factors, no statistically significant differences emerged.

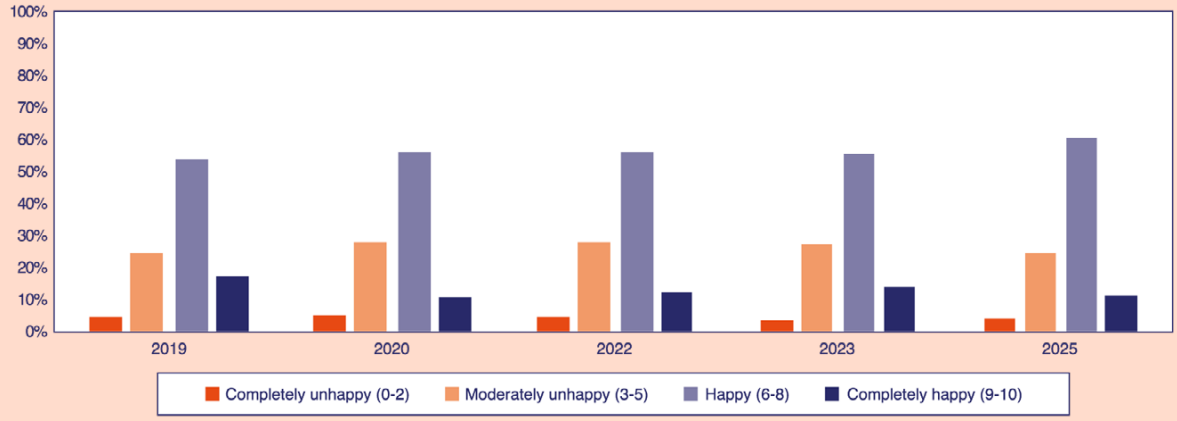
5. Emotions

Although the cognitive dimension of well-being (life satisfaction) reflects a global evaluation of quality of life, subjective well-being is necessarily complemented by its affective dimension, which captures individuals' everyday psychological responses (Diener et al., 1999). This section presents the evolution of happiness over time (20192025).

The majority of the sample is consistently concentrated in the 6-8 category throughout the period under review (Figure 3). A decrease in the weighted mean is observed in 2020 (M = 6.3) compared with 2019 (M = 6.6), accompanied by a reduction in the "completely happy" category (9-10) and a simultaneous increase in the 3-5 category. From 2022 onward, a slight increase and a tendency toward stabilisation of the indicators is recorded (M = 6.4 in 2022, M = 6.6 in 2023, and M = 6.5 in 2025), with the proportion of the 6-8 category reaching its highest level at the end of the period under examination.

The analysis was conducted to examine the effect of demographic and psychosocial factors on the level of happiness and revealed a series of statistically significant relationships. First, the effect of sex was tested through independent samples t-tests for each year (see Table 3). The analysis of happiness levels among men and women showed no statistically significant differences, with the two groups following a similar trajectory (range M = 6.26.7). In 2025, however, a sta-

FIGURE 3
Distribution of participants' happiness levels (2019-2025)



Source: NKUA – Metron Analysis (November 2019, October 2020, September 2022, December 2023, October 2025). Data processed by the authors.

Note: The weighted mean happiness score was 6.6 (2019), 6.3 (2020), 6.4 (2022), 6.6 (2023), and 6.5 (2025). Calculations by the authors, where 0 = "completely unhappy" and 10 = "completely happy".

tistically significant difference was recorded between men (M = 6.7, SD = 1.85) and women (M = 6.4, SD = 1.91), with a small effect size (d = 0.16) (see Table 3).

Next, the effect of age was examined. Due to heterogeneity of variances, Welch's corrected analysis of variance was applied. Over time, happiness levels vary by age group. Consistently, younger adults aged 18-34 report the highest levels of happiness (range M = 6.8-7.4) throughout the period, significantly outperforming older age groups. By contrast, the 65+ group consistently records the lowest level of happiness (range M = 5.8-6.1), showing statistically significant differences relative to all age categories below 65. Importantly, the difference between ages 35-64 and 65+ was not statistically significant in 2023 but was significant in other years (see Table 3).

The effect of socioeconomic class was then examined. Lower socioeconomic classes consistently show lower levels of happiness (range M = 5.8-6.1) throughout the period, displaying statistically significant underperformance relative to the other classes. By contrast, upper and middle class (C1) consistently record higher scores (range M = 6.6-7.2), without frequently showing significant differences between them, which suggests a clear divide in psychological well-being based on socioeconomic background. In addition, the analysis showed that the lower class scores significantly lower than all higher and middle classes (A/B, C1, C2) every year. Finally, the effect of behavioural type was examined. Due to heterogeneity of variances, Welch's ANOVA was used. A statistically significant difference in happiness levels between rational respondents and those who are risk averse occurred only in 2025 (M = 6.9 versus M = 6.4), with the former scoring higher; no other statistically significant differences were observed among the remaining categories and years.

Regarding the analysis of the primary emotion for the period 2020-2025 (Figure 4), insecurity is found to be the primary emotion in all years, reaching its maximum in 2022 (50.0%), followed by a decline in 2023 and a renewed increase in 2025, ending at 39.1%. At the same time, after 2022, a downward trend in optimism is observed (18.1% in 2020 to 13.2% in 2025) and a gradual rise in disappointment, which reaches 22.2% in 2025. Positive emotions, such as self-confidence (1.8% in 2025) and certainty (1.4% in 2025), remain at low levels throughout the period, while uncertainty increases in 2023 and 2025, reaching 10.3% in the final year of analysis.

According to Gallup (2025), in 2024 nearly four in ten adults worldwide (37-39%) reported experiencing a great deal of stress or worry on the previous day. Greek society – which in earlier measurements (e.g., Gallup, 2023) occupied high positions on stress indicators – shows signs of a high negative emotional burden. One possible interpretive pathway is that the high level of uncertainty avoidance in Greece (Petrakis et al., 2026) can transform macroeconomic pressures into personal insecurity.

Examining the secondary emotion (Figure 5), greater

TABLE 3 One-way ANOVA and post hoc comparisons for general happiness by behavioural type, socioeconomic class, and age group per year (2019–2025)

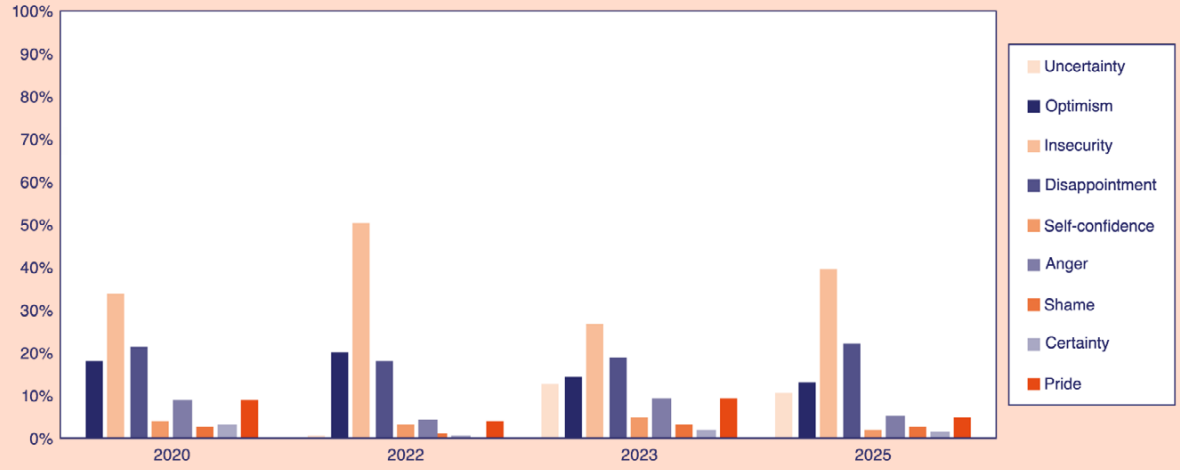
Year	Variable	Categories	*M*	*SD*	*F*	ω^2	Post hoc differences ($p < 0.05$)
2019	Age	18–34	7.38	1.772	Welch F(2, 434.73)=27.11***	0.028	18–34 > 35–64
		35–64	6.66	2.109			18–34 > 65+
		65+	5.93	2.208			35–64 > 65+
	Socioeconomic class	A/B	7.20	1.924	F(3, 795)=7.90***	0.022	D/E < A/B
		C1	6.86	1.971			D/E < C1
		C2	6.87	2.127			D/E < C2
		D/E	6.11	2.096			
2020	Age	18–34	6.84	1.715	Welch F(2, 523.02)=16.51***	0.036	18–34 > 35–64
		35–64	6.42	1.976			18–34 > 65+
		65+	5.85	2.191			35–64 > 65+
	Socioeconomic class	A/B	6.98	2.085	Welch F(3, 236.48)=9.24***	0.029	D/E < A/B
		C1	6.58	2.056			D/E < C1
		C2	6.35	2.017			D/E < C2
		D/E	5.95	1.987			
2022	Age	18–34	7.13	1.728	Welch F(2, 440.27)=26.37***	0.052	18–34 > 35–64
		35–64	6.27	2.072			18–34 > 65+
		65+	5.84	2.023			35–64 > 65+
	Socioeconomic class	A/B	6.76	1.851	Welch F(3, 183.71)=5.55**	0.016	D/E < A/B
		C1	6.71	1.949			D/E < C1
		C2	6.48	2.047			D/E < C2
		D/E	5.94	2.013			
2023	Age	18–34	7.26	1.667	Welch F(2, 430.71)=22.17***	0.045	18–34 > 35–64
		35–64	6.48	1.988			18–34 > 65+
		65+	6.09	2.137			
	Socioeconomic class	A/B	7.15	1.842	F(3, 795)=8.922***	0.029	D/E < A/B
		C1	7.01	2.046			D/E < C1
		C2	6.65	1.978			D/E < C2
		D/E	6.05	1.911			
2025	Age	18–34	7.05	1.658	Welch F(2, 417.58)=19.16***	0.046	18–34 > 35–64
		35–64	6.55	1.804			18–34 > 65+
		65+	5.87	2.112			35–64 > 65+
	Socioeconomic class	A/B	7.07	1.624	Welch F(3, 260.56)=13.27***	0.044	D/E < A/B
		C1	6.76	1.770			D/E < C1
		C2	6.68	1.890			D/E < C2
		D/E	5.81	1.904			
	Gender	Men	6.68	1.852	t(798)=2.31*	d=0.16	Men > Women
		Women	6.37	1.914			
	Behavioural type	Rational	6.94	1.585	Welch F(3, 124.77)=3.569*	0.010	Rational > Risk Averse
		NonRational	6.45	2.064			
		Risk Averse	6.44	1.913			
		Other	6.32	1.420			

Note: *p < 0.05, **p < 0.01, ***p < 0.001. In all analyses where Welch's *F* is reported, Levene's test for homogeneity of variances was statistically significant (p < 0.05); therefore, Games–Howell post hoc tests were applied. In contrast, when Welch's *F* is not reported, Levene's test was not significant, and Tukey HSD was used. For gender, the effect size is Cohen's *d*.

dispersion is observed across emotional categories, with uncertainty constituting the most frequent choice in all years from 2022 onward, recording particularly high values in 2022 (39.7%) and 2025 (33.6%). Disappointment remains at relatively elevated levels, with a high value in 2020 (23.9%), whereas optimism consistently shows low percentages, with a downward trajectory from 11.2% in 2020 to 4.3% in 2025. Positive emotions, such as pride (6.5% in 2020 to 4.6% in 2025) and self-confidence (6.7% in 2020 and 3.3% in 2025), remain limited throughout the period under examination. Similarly, international studies show that during the initial phase of the COVID-19 pandemic, anxiety was the dominant emotion, while sadness increased over time and anger declined, reflecting collective emotional responses to uncertainty, restrictive measures, and social change (Metzler et al., 2023).

Sex is generally not a determining factor in shaping the emotional state, except in 2023, when a statistically significant difference was recorded in the primary

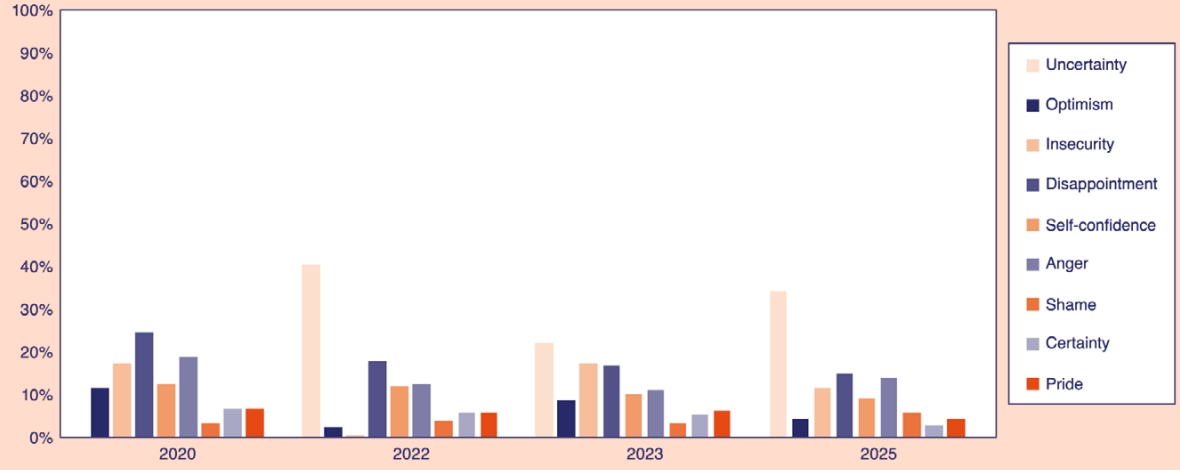
FIGURE 4
Distribution of the primary emotion (2020-2025)



Source: NKUA – Metron Analysis (October 2020, September 2022, December 2023, October 2025). Data processed by the authors.

Note: The emotion of uncertainty was added to the questionnaire in 2022.

FIGURE 5
Distribution of the secondary emotion (2020-2025)



Source: NKUA – Metron Analysis (October 2020, September 2022, December 2023, October 2025). Data processed by the authors.

Note: The emotion of uncertainty was added to the questionnaire in 2022.

TABLE 4 Statistically significant associations of primary and secondary emotions with age, socioeconomic class, and gender by year of measurement (2020–2025)

Year	Variable	Categories	χ^2 (*df*)	Cramer's *V*	Post hoc differences (p < 0.05)
2020	Primary emotion	Age	29.81 (14)**	0.137	Optimism: young (18-34) > expected (*SR* = 3.0)
	Secondary emotion	Socioeconomic class	36.52 (21)*	0.152	Disappointment: C1 < expected (*SR* = –2.1) Self-confidence: C1 > expected (*SR* = 2.2)
	Secondary emotion	Age	25.93 (14)*	0.128	Self-confidence: young (18-34) > expected (*SR* = 2.3)
2022	Primary emotion	Age	29.30 (16)*	0.135	Optimism: 18-34 > expected (*SR* = 2.9)
	Secondary emotion	Age	43.13 (16)***	0.164	Pride: 18-34 > expected (*SR* = 2.0), 35-64 < expected (*SR* = –2.2) Self-confidence: 18-34 > expected (*SR* = 3.3)
	Secondary emotion	Socioeconomic class	39.35 (24)*	0.128	Optimism: A/B > expected (*SR* = 2.4)
2023	Primary emotion	Gender	20.95 (8)**	0.162	Insecurity: women > men (*SR* = 2.0 and –2.1) Uncertainty: men > women (*SR* = 2.2 and –2.2)
	Primary emotion	Age	32.27 (16)**	0.142	Optimism: 18-34 > expected (*SR* = 2.4) Self-confidence: 18-34 > expected (*SR* = 2.4) Uncertainty: 65+ < expected (*SR* = –2.0)
	Secondary emotion	Socioeconomic class	45.88 (24)**	0.138	Insecurity: D/E > expected (*SR* = 2.2) Anger: D/E > expected (*SR* = 2.3) Self-confidence: D/E < expected (*SR* = –2.5)
2025	Primary emotion	Socioeconomic class	40.72 (24)*	0.130	Optimism: A/B > D/E (*SR* = 2.3 and –2.1) Self-confidence: A/B > D/E (*SR* = 2.5 and –1.8)
	Secondary emotion	Age	30.53 (16)*	0.138	Disappointment: 18-34 < expected (*SR* = –2.0)

Note: *p < 0.05, **p < 0.01, ***p < 0.001 (twotailed significance). In all tables where >20% of expected frequencies were <5, statistical significance was calculated using the Monte Carlo method (10,000 samples) – this applies to all tests in this table, except for 2023 (Gender) where all expected frequencies were ≥5. Post hoc differences are based on standardized residuals (ISRI > 1.96, corresponding to p < 0.05).

emotion, with women expressing higher levels of insecurity (61%) than men (39%) (see Table 4 above). At the same time, age is a differentiating factor, with statistically significant effects identified throughout the 2020-2025 period. As regards the primary emotion, the age effect was significant in 2022-2023, highlighting a pronounced age gap, whereby older age groups (65+) in 2023 showed the highest levels of insecurity (29%) and disappointment (20%), whereas younger people (18-34) stood out through optimism (21%), with the results indicating a stable overrepresentation of optimism in the 18-34 age group, and of self-confidence (8.4% versus 3.7% among older people). Conversely, uncertainty appears less frequent than expected among older adults (65+, $SR = 2.0$) in 2023.

For the secondary emotion, the relationship with age group was statistically significant through 2025, except for the year 2023. This reveals deeper emotional divergences, such as self-confidence being overrepresented among the young ($SR = 2.3$) in 2020, pride and self-confidence in 2022 ($SR = 2.0$ and 3.3, respectively), and disappointment being underrepresented in 2025 ($SR = 2.0$). Despite the broader tendency toward emotional convergence, age differences remained present in secondary responses, while pride was simultaneously underrepresented in the 35-64 group ($SR = 2.2$).

From 2020 to 2025, the data show differences in emotional response according to socioeconomic class. In 2025, for the primary emotion, socioeconomic class had a statistically significant effect, with upper classes (A/B) showing higher optimism ($SR = 2.3$) and self-confidence ($SR = 2.5$). In 2020, among secondary emotions, the middle class (C1) recorded statistically significant increases in self-confidence and decreases in disappointment. In 2022, among the secondary emotions, the relationship was statistically significant, with optimism overrepresented in the upper class (A/B). In 2023, the lower class was overrepresented in insecurity ($SR = 2.2$) and anger ($SR = 2.3$) and underrepresented in self-confidence ($SR = 2.5$).

Overall, socioeconomic class affects emotions, with upper classes showing a more positive emotional profile and middle-lower classes exhibiting greater insecurity and anger. It is worth noting that this class stratification is consistent with the "economic have-nots hypothesis," insofar as limited resources reduce the individual's ability to buffer external risks (Petrakis et al., 2026). Finally, it should be noted that no statistically significant association was found between behavioural types and emotions in any year.

6. Summary and conclusions

Although economic growth remains a central economic objective and policy design focuses heavily on economic outcomes, economic indicators alone cannot provide a comprehensive assessment of well-being (Diener & Seligman, 2004). The subjective well-being approach offers a broader and more holistic perspective by extending beyond traditional economic measures, thereby providing useful insights into how individuals evaluate their living conditions during the period under examination, as well as an alternative framework for informing policy design.

By utilizing primary data covering the 2019-2025 period, this article presents a relatively stable picture of life satisfaction in Greece, with the mean fluctuating between $M = 6.3$ and $M = 6.4$. The sole exception is the decline in 2022 ($M = 5.9$), an event that confirmed the vulnerability of Greek society to exogenous macroeconomic shocks. The same is observed in the long-term analysis of social behaviours: between 2002 and 2023, levels of satisfaction fluctuated at moderately positive levels, despite significant changes in the external environment (Petrakis et al., 2026). This indicates that deeply rooted cultural characteristics, especially strong ingroup collectivism and close family ties, function as mechanisms of psychosocial resilience.

The evolution of happiness over the period 2019-2025 followed a similar path, with mean values moving between $M = 6.3$ and $M = 6.6$, and the lowest value recorded in 2020. At the same time, insecurity and uncertainty dominate the emotional landscape. Their persistence is consistent with Gallup's global "emotional stagnation" (Gallup, 2025), but in Greece it is structurally reinforced by cultural uncertainty avoidance and chronic economic hardship. At the same time, the low frequency of positive emotions – which, according to the *World Happiness Report 2026*, play an important role in supporting life evaluations (Helliwell et al., 2026) – may partly explain Greece's relatively low position in international rankings.

The findings also indicate that, while international evidence suggests declining well-being among younger generations, particularly in English-speaking countries and Western Europe (Helliwell et al., 2026), young adults aged 18–34 in Greece report the highest levels of satisfaction. Part of the explanation may lie in the protective function of the family network, which provides material and emotional support to younger people (Petrakis et al., 2026). Well-being does not appear to be distributed evenly, with individuals of lower socioeconomic status showing greater vulnerability and lower levels of subjective well-being, a pattern associ-

ated with limited material and social resources (Gracia et al., 2026). In this context, evidence on "product traps" in the digital ecosystem (Sunstein, 2026) and the disproportionate burden that problematic social media use imposes on lower socioeconomic strata (Gracia et al., 2026; Ozkok et al., 2026) point to new risk factors whose effects on Greek society should be examined further.

Overall, the findings of the present article are consistent with empirical evidence showing the negative impact of the pandemic on happiness and life satisfaction (Gawrych et al., 2021). At the same time, they provide interesting insights both at the level of the overall sample and across demographic, socioeconomic, or behavioural patterns, as they reveal findings that differ by examined variable and year of analysis, always considering that the examined demographic factors explain only a small proportion of the variance in life satisfaction, as also observed in comparable studies (see, indicatively, Geerling & Diener, 2020). By way of example, previous research has produced inconsistent findings regarding statistically significant differences in subjective well-being (Tesch-Römer et al., 2007) and emotions (Wollast et al., 2025) between men and women under specific sociocultural conditions. In this context, future research could focus on simultaneously controlling for all variables in order to isolate the strongest predictors of life satisfaction, while also incorporating additional explanatory variables, both economic and noneconomic, in an effort to approach such a complex and multifaceted concept.

Finally, these findings may be useful for policymakers, as they can contribute to the design of more targeted and holistic interventions. Rebuilding institutional trust, regulating the digital environment – especially to protect young people from lower socioeconomic strata – and strengthening social capital beyond the narrowly defined family core are critical areas for intervention. In any case, measuring life satisfaction can be used as a tool for evaluating the effects of social policy implementation (Veenhoven, 1996), considering the attainment of subjective well-being does not follow a single path but depends on the complex interaction among culture, personality, cognitive processes, and objective conditions (Diener et al., 1999).

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