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“Franco Fontana”

GEOPOLITICAL RISK OBSERVATORY

Greece

An overview

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GRO Country Profile: Greece

GRO Country Profiles are neither extensive analyses nor news updates. Rather, they provide a general perspective on selected areas and issues, identifying a set of factors and variables that organizations should monitor in order to anticipate risks.

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Summary

- Greece is a parliamentary democracy and member of the EU and NATO. Political power operates within a stable constitutional framework, though administrative inefficiency, judicial delays, and corruption persist as structural weaknesses. The New Democracy government of PM Kyriakos Mitsotakis pursues a broadly reform-oriented agenda, but institutional integrity has come under renewed pressure from the Predatorgate surveillance scandal and EPPO investigations into EU agricultural subsidy fraud (OPEKEPE).
- The economy has achieved sustained recovery from the 2010–2018 debt crisis, posting above-average EU growth since 2022. Services, particularly tourism, shipping, and real estate, dominate. Greece benefits from EU RRF funding of €35.95 billion and operates within the European fiscal and regulatory framework, providing a stable macro-institutional anchor.
- Key business challenges include moderate geopolitical risks from unresolved maritime and airspace disputes with Turkey, regulatory complexity in energy and housing markets, and structural governance weaknesses, notably judicial inefficiency and episodic high-level corruption, that affect regulatory predictability and investment attractiveness.

Basic Parameters

Indicator	2020	Latest value

GDP (PPP, USD bn)	299.1	466.6 (2025)
Population (mn)	10.7	10.4 (2026 proj.)
Population under 25 (%)	n.d.	22.8 (2024)
Population over 65 (%)	n.d.	22.5 (2024)
Urban population (%)	79.7	79.7 (2024)
Unemployment rate (%)	16.3	8.5 (2025)
Youth unemployment 15–24 (%)	n.d.	21.4 (2025)
CPI inflation (% annual average)	-1.3	2.8 (2025 est.)
General government debt (% of GDP)	206.3	146.1 (2025)
FDI inward flows (USD mn)	3,306	5,284 (2024)

Sources: IMF – World Economic Outlook, Oct 2025 (CPI inflation, both 2020 and latest values) and World Bank – World Development Indicators (GDP PPP, population, urban population, unemployment rate, both 2020 and latest values); World Inequality Database (WID.world) (income and wealth shares); World Bank – World Development Indicators 2025 (population structure); ILO – ILOSTAT (youth unemployment); UNCTAD – World Investment Report 2025 (FDI flows, latest value) and Bank of Greece / Enterprise Greece (FDI flows, 2020, EUR converted to USD at 2020 average exchange rate); Eurostat (general government debt, EDP notification, April 2026, both 2020 and latest values).

Historical context

Greece emerged from the Second World War having endured Axis occupation and a devastating civil war (1946–1949) between communist-backed insurgents and the Western-backed government. The conflict embedded deep social cleavages and anti-communist institutional reflexes. Greece joined NATO in 1952 and became an associate member of the EEC before the military dictatorship of the Colonels (1967–1974) interrupted democratic governance. The junta's collapse following the Cyprus crisis and Turkish military intervention of 1974 inaugurated the Metapolitefsi, the democratic restoration under Konstantinos Karamanlis. Greece joined the European Community in 1981, anchoring its institutional development and embedding it firmly in the Western economic and security order.

The 2010–2018 debt crisis constituted the most severe shock since the 1970s. Three successive international bailout programmes totalling over €289 billion, conditioned on harsh fiscal adjustment, drove GDP down by more than 25% and pushed unemployment above 27%. The crisis eroded trust in mainstream parties and brought the radical left SYRIZA to power (2015–2019). The election of Kyriakos Mitsotakis and New Democracy in 2019, and his re-election with an outright majority in June 2023, marked a return to centrist, business-friendly governance with emphasis on fiscal consolidation and investment attraction.

Two subsequent external shocks have shaped recent years: the COVID-19 pandemic (2020–2021), which devastated the tourism-dependent economy, and the energy crisis triggered by Russia's Ukraine invasion (2022), which accelerated diversification into renewables and LNG infrastructure. Greece has managed a complex relationship with Turkey, characterised by persistent maritime jurisdiction, airspace, and Cyprus disputes, while deepening strategic ties with the US through the upgraded Mutual Defence Cooperation Agreement (MDCA).

Institutional Set-Up and Structural Challenges

Greece is a unitary parliamentary republic. The President plays a largely ceremonial role; effective executive power rests with the Prime Minister and cabinet requiring parliamentary confidence. The unicameral Hellenic Parliament has 300 seats elected by reinforced proportional representation. New Democracy won the June 2023 elections with an outright majority, providing political stability through at least 2027. The landscape is structured around the ND–SYRIZA–PASOK axis, with Elliniki Lysi and the Communist Party (KKE) as smaller stable actors.

Government stability is currently robust by Greek historical standards. The Mitsotakis government has avoided crisis-driven volatility and pursued an institutionally anchored reform agenda. However, two governance controversies represent structural sources of friction: the Predatorgate wiretapping scandal, involving Predator spyware use against politicians, journalists, and civil society, allegedly with state involvement, and, more acutely, the EPPO's April 2026 request to lift the parliamentary immunity of eleven sitting MPs and two former ministers in connection with organised EU agricultural subsidy fraud through OPEKEPE, Greece's former agricultural payments agency. Three ministers resigned in response; the parliamentary Ethics Committee unanimously recommended lifting immunity on 7 April 2026, and on 22 April 2026 the plenary voted by an overwhelming majority to lift the immunity of all 13 individuals named in the EPPO's case files.

Governance indicators place Greece in a mid-range position among EU member states. Transparency International's 2024 Corruption Perceptions Index ranks Greece 59th out of 180 countries (score: 49/100), significantly below the EU average. The World Justice Project places Greece in the lower half of EU countries on rule-of-law metrics, citing judicial inefficiency and case backlogs: average civil case duration at first instance exceeds three years. Administrative complexity and bureaucratic opacity remain operative constraints on investment and business formation despite ongoing simplification efforts.

Economically, Greece has transitioned from crisis-era austerity to sustained recovery. GDP growth has averaged above 2% annually since 2022, driven by tourism, construction, and FDI. Tourism accounts for approximately 20–25% of GDP, creating structural exposure to external demand shocks. Greek-owned shipping fleets, the world's largest by tonnage, generate significant invisible export earnings. Energy dependence on imported fossil fuels is declining through accelerated renewable investment and LNG infrastructure. General government debt, while down substantially from its 2020 pandemic-driven peak, remains the highest in the EU at 146.1% of GDP at end-2025 (Eurostat), requiring sustained primary surpluses and EU fiscal framework compliance. Greece's international positioning combines deep Euro-Atlantic integration with exposure to Eastern Mediterranean competition: enhanced US basing rights at Alexandroupolis and Souda Bay reflect Greece's growing NATO strategic importance on the southeastern flank.

Business implications

Opportunities

Greece offers investment opportunities underpinned by a stable Euro-Atlantic framework, EU regulatory harmonisation, and sustained economic recovery. Tourism and hospitality remain the primary entry point: international arrivals exceeded 40 million in 2024 (Bank of Greece), or approximately 35.9 million excluding cruise passengers, with sustained demand for hotel development, resort infrastructure, and high-end hospitality services. The 'Greece 2.0' National Recovery and Resilience Plan, backed by €35.95 billion in EU RRF funding, is channelling investment into digital transformation, green energy, and transport infrastructure, creating procurement and partnership opportunities across sectors.

The energy transition is a particularly material opportunity. Greece targets 80% renewable electricity by 2030, a credible policy supported by its solar and wind endowment, attracting investment in utility-scale photovoltaics and wind. Offshore wind regulation is progressively advancing. Expanded LNG infrastructure (Revithoussa terminal, Alexandroupolis FSRU) positions Greece as a regional gas hub for southeastern Europe, with integration opportunities for supply chains and services. Italian energy companies maintain significant presence through the IGB pipeline and related interconnection projects. Real estate, port concessions (Piraeus, Thessaloniki), and maritime services (shipbuilding, ship management, marine insurance) offer additional avenues, while Greece's EU membership and stable legal framework make it an attractive regional headquarters for companies targeting Balkan and Eastern Mediterranean markets.

Challenges

- *Security challenges:* Greece presents a relatively low security risk for foreign businesses. There is no domestic insurgency, significant terrorist threat, or organised political violence: the November 17 group was dismantled in 2002, and current extremist groups lack the capacity for sustained campaigns. Organised crime, primarily drug trafficking, people smuggling, and port-area protection rackets, does not systematically disrupt business operations. The principal security risk is geopolitical: unresolved disputes with Turkey over Aegean and Eastern Mediterranean maritime jurisdiction, airspace sovereignty, and Cyprus create persistent incident escalation risk. Turkey's indefinite-duration NAVTEX claims (January 2026) and Greek hydrocarbon exploration licensing south of Crete (Chevron consortium, February 2026) sustain bilateral tension with operational implications for maritime and energy businesses. The broader Eastern Mediterranean context (Iran-US-Israel confrontation, Turkish deployments in Cyprus) adds background risk not present in northwestern European environments.

Greece's security risk is assessed as Band 1 (very low challenges).

- *Regulatory challenges:* Greece's regulatory environment benefits from EU membership, which ensures conformity with European norms and Commission oversight. The IMF's March 2026 Article IV confirmed continued regulatory simplification progress, and the automated compliance enforcement regime (active January 2026) improves predictability. However, material challenges remain: permitting and licensing procedures for construction, spatial planning, and large-scale investment retain significant bureaucratic inertia. Energy sector intervention measures (price caps, supply obligations, producer levies) create uncertainty for energy market participants, though easing is expected if global prices stabilise. Short-term rental regulation is tightening in major tourist destinations (Athens, Santorini, Mykonos), affecting hospitality investors. Tax policy changes in property and digital services require ongoing compliance attention. EU RRF disbursement incentives are driving reform momentum through August 2026.

  Greece's regulatory risk is assessed as Band 2 (low challenges).

- *Governance challenges:* Governance represents the most significant and persistent business challenge in Greece. Despite functioning democratic institutions and EU rule-of-law mechanisms, the environment is characterised by judicial inefficiency, public sector corruption, and episodic high-level institutional failures. Average civil case duration exceeds three years; contract enforcement involving public entities or politically connected parties is unreliable. The Predatorgate scandal has inflicted lasting reputational damage, while the April 2026 OPEKEPE-EPPO proceedings, involving fictitious livestock registrations to fraudulently obtain EU agricultural funds, expose structural vulnerabilities in the relationship between political power and state institutions. Public procurement can be subject to politically influenced award criteria; regulatory enforcement is uneven. Compliance with FCPA and UK Bribery Act requires careful partner due diligence. EU institutional correctives (EPPO, Commission rule-of-law reports, ECJ oversight) limit the worst governance outcomes and distinguish Greece from non-EU environments with comparable corruption profiles.

Greece's governance risk is assessed as Band 3 (medium challenges).

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