

# The Greek economy in 2023

Trends and challenges

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# The Greek economy in 2023: trends and challenges

Kerkyra Publications-Economia Publishing present an overview of the current Greek economic situation; Greece finds itself at a turning point of progress, allowing for an informed assessment of the year ahead. This report contains information and analysis contributed by IOBE/The Foundation for Economic and Industrial Research.

## Strong recovery and prospects within global challenges

Greece has managed to exit the succession of economic shocks it faced –with energy costs and overall inflation pressures close on the heel of the Covid pandemic– in relatively good shape, considering the 2022 growth rate of 5.9% that surpassed the EU/Eurozone average and recovered pandemic losses. Initiatives to support households and businesses in order to absorb these shocks brought back deficits in Greek public finances, but nowhere near earlier levels seeing as inflation pushed public revenue up.

Already underway, the year is proving to be quite demanding: growth is expected to slow down importantly over 2023; inflation is expected to come down, but still remain much of an issue, especially among necessity goods, such as food products; pressures may increase on the wages front – aiming for a convincing primary surplus is an upward climb.

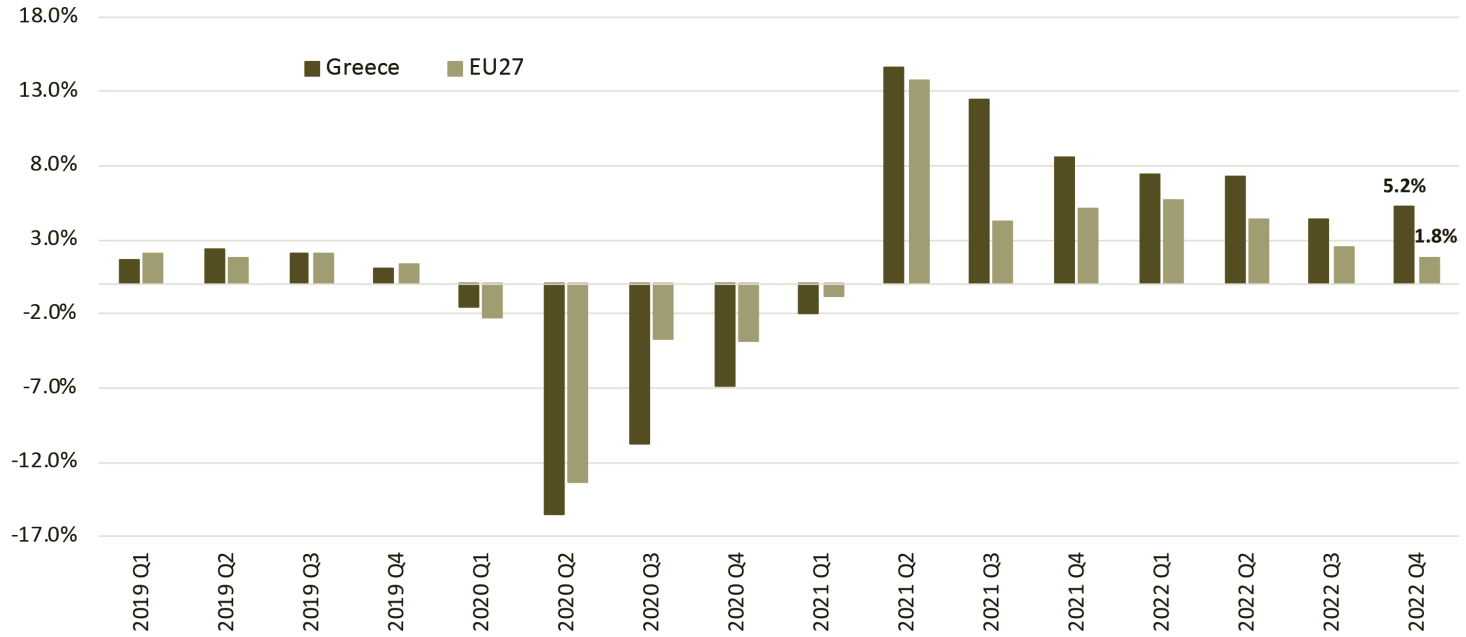
So, while Greece looks set to reclaim investment grade for its sovereign paper within the year, there is still much to do. Dealing with the wear and tear of economic policy decisions in a year of high-pressure electoral contests, along with the after-shocks of the railway tragedy at Tempe that deeply wounded the national psyche, promises to be a gruelling task. Moreover, mounting geopolitical pressures are felt and their impositions cannot be evaded.

# Greek GDP has more than recovered the pandemic losses during 2022

Following a deep downturn of overall economic activity during the pandemic crisis outburst in 2020, the economy has shown a strong recovery momentum.

Since mid-2021, Greek Gross Domestic Product (GDP) growth has been higher than the European Union (EU27) average. In addition, while the average growth in EU27 has been declining over time in the successive quarters of 2022, Greek GDP showed a higher increase by +5.2% y/y in the last quarter of 2022, relative to +4.4% y/y in the 3rd quarter of the same year. Overall, the estimate for growth in 2022 for the Greek economy is +5.9% y/y, while the estimate of the average growth for the EU27 economy is +3.5% y/y.

### Quarterly real GDP (y/y % growth rate)



Source: ELSTAT, s.a., constant 2015 prices

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