



# Weekly Briefing

**Greece political briefing:**  
**The Challenges for the newly elected Greek Government**  
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# **The Challenges for the newly elected Greek Government**

## **Summary**

*The briefing deals with the challenges of the newly elected government under PM Kyriakos Mitsotakis. The reformist agenda of the government aims to address chronic issues in numerous sectors such as economy, health, education and justice. This ambitious strategy raises challenges for the government, which needs to proceed to a plethora of reforms and take the political responsibility for its policies. In addition, the new challenges linked with the effects of climate change, such as wildfires and floods that hit Greece during the last couple of months, have alarmed the government, which needs to prioritize alleviating the affected citizens as well as elaborate on an effective strategy to tackle these devastating phenomena in the future.*

## **Introduction**

On the 25th of June 2023 the second round of national elections took place. The conservative New Democracy (ND) party won a great victory -158 seats in the parliament out of 300- acquiring the necessary majority and formed a government. The leader of ND and former PM Kyriakos Mitsotakis was re-elected as the Prime Minister of Greece for four additional years. However, this major victory is accompanied by low power of the opposition, which obliges the new government to entirely accept the political responsibility of its actions and policies. Prior governments that had acquired a great victory in the elections and were re-elected for consecutive times suffered a quick loss of power. Thus, the difficulties of the second time elected ruling parties to meet the promises and expectations of their electorate usually results to the halt of the reform momentum of the first electoral term. This seems to be considered by the ruling party and PM Mitsotakis, who was re-elected with an ambitious reformist agenda.

The new government aims to address chronic challenges in numerous sectors such as economy, health, education, justice and external relations. In addition, the devastating effects of the climate change with wildfires and floods destroying not only the natural habitat but the agricultural production, residences, businesses and public infrastructure. These effects of climate change have raised unprecedented challenges for the government. Hence, during the next four years the newly elected government needs to deliver an efficient strategy to address

difficult issues, support the citizens, as well as proceed to the necessary reforms for a more operative state and a sustainable economic growth.

### **Climate change**

Just upon the reelection of the ND party remarkable challenges arose for the new government. Specifically, the prolonged heat wave of July, with temperatures rising well above 40 degrees Celsius, resulted to devastating wildfires burning all over the country. According to the Copernicus Emergency Management Service of the European Commission, from the 17th until the 30th of July the wildfires burned more than 487,000 hectares. The burned areas were the result of the seven major fires that broke out in the country. More specifically, the most devastating fire burned in Rhodes, destroyed 177,735 hectares and forced 19.000 people to evacuate the affected areas. The second most destructive fire, in terms of burned land was in the forest area in Dervenochoria, where 117,087 hectares were burned (1).

The wildfires of July were followed by devastating floods. In the beginning of September, the weather phenomenon named “Daniel” hit the mainland, Ionian and the Northern Aegean region with heavy rainfall and thunderstorms (2). The most affected area was Central Greece and especially Thessaly, which due to the weather conditions, was flooded. According to Copernicus, the flood damaged more than 70.000 hectares of the country’s central agricultural belt in central Greece. Due to the floods, 15 people lost their lives. A massive destruction in residences, businesses, agriculture and agricultural facilities, as well as public infrastructure was registered. It is estimated that the cost of repairing the damages caused by the storm would be 2.5 bil euros in the short term and may increase and exceed 5 bil euros in the long term (3). The concerned high cost may negatively impact this year’s development of the Greek economy, which is an additional major issue of concern.

Following the devastating floods in Thessaly, on the 12<sup>th</sup> of September PM Mitsotakis met with the President of the European Commission Ursula von der Leyen in Strasbourg in order to seek the financial support of the European Union. Von der Leyen, during her speech, confirmed that this summer Greece has faced unprecedented wildfires and floods and confirmed that Europe stands by Greece and the affected Greek people. The President of the European Commission announced the five funding streams that Greece could mobilise for supporting the affected areas, such as European Social Fund+, the Common Agricultural Policy, the Solidarity Fund and the NextGenerationEU. In a nutshell, the President of the European Commission,

stated that Greece could mobilize up to 2.25 bil euros in European funds in its effort to recover from the devastating floods. She further announced the formation of a Task Force that will closely work with the government in order to find the best possible ways to support the Greek citizens (4).

Hence, the unpredictable consequences of the climate change during the summer and the consequent devastating catastrophes have alarmed the government which is called to not only encounter the damages and alleviate the affected areas but also curve an efficient strategy to avoid similar future events. In addition, the government needs to accelerate the efforts for a sustainable economic development in order to have at its disposal the required resources to manage the devastating consequences of the climate change.

### **Greek economy**

Despite the good performance of Greek economy during the last couple of years, the new government will need to accelerate the implementation of reforms in many sectors and continue the path towards the economic recovery of the country. During his re-election campaign, Mitsotakis stressed that the advantage of his government was that it delivered good economic results and this would be his main priority following his election. However, threats such as the war in Ukraine, the impact of climate change in the agricultural production of the country and the tourist sector as well as many challenges in reforming the judiciary system, digitalizing the state etc may pause the economic development of the country.

The Monetary Policy Report 2022-2023 of the Bank of Greece stressed the main challenges for the Greek economic policy. The first challenge for the country is to obtain the investment grade and at a later stage exceed it, which would increase the resilience of the national economy to exogenous shocks. The second challenge for the economy is to pursue a monetary policy towards sustaining the deceleration of inflation. The third challenge, according to the Bank of Greece, is the high public debt of Greece in terms of GDP ratio, which remains the highest in the EU and the second highest worldwide. The fourth challenge is to reduce the current high account deficit, since high account deficit indicates that private and public investment is much higher than the corresponding savings. The fifth challenge for the economy and the government is the non-performing loans and private debt overhang, since despite its reduction non-performing loans are still remain above the EU average. The sixth challenge that the government will be called to address is the high employment and job mismatches. In

addition, low per capita GDP is another challenge that the government needs to address. Last but not least other chronic weaknesses hamper the road to economic recovery and the consolidation of a sustainable economy, such as delays in the delivery of justice, remaining inefficiencies in some areas of public administration etc. (5).

### **Other sectors**

Justice is at the center of the reformist policy of the government, which aims to address long-lasting issues of the sector. On the 16<sup>th</sup> of September the new Minister of Justice, Georgios Floridis, announced a plan for a comprehensive reform of the justice sector, which includes among others, the digital transition in Justice and major changes in the country's Criminal System, the Organization of Courts, the reform of the curriculum at the National School of Judges and many others (6). Hence, reforming the justice sector and its chronic weaknesses is a major challenge for the new government.

The government has also prioritized the implementation of radical reforms in the health sector as well. Specifically, PM Mitsotakis aims to the strengthening of the National Health System (NHS) through the reorganization of the National Emergency Aid Center and the Emergency Departments in public hospitals, as well as the change in the administration of hospital models (7). In addition, major reforms in the education sector are also expected, such as changes in Article 16 which is linked to the extroversion of Greek universities and the establishment of private universities in Greece. Furthermore, a great challenge for the new government in the sector of external relations is the normalization of Greek-Turkish relations. The Greek-Turkish disputes in the Aegean Sea have determined for decades the relations between the two country. The current government aims to open the dialogue with the neighboring country and find a *mondus operandi* between the two countries.

### **Conclusion**

The newly elected government is called to address many issues and challenges of the Greek state and economy. In addition to the chronic challenges the government needs to face the unprecedented catastrophic events of the effects of the climate change. This summer proved to be a difficult one for the country, since wildfires and floods hit several regions of the country. The government has requested the financial support of the EU in order to assist the affected

citizens. The EU will provide resources in order to help Greece. In any case, it is evident that the next four years of its rule the government will need to accelerate efforts in order to consolidate a better functioning state and a sustainable economic development, as well as a safe environment for its citizens, despite the increasing climate change challenges.

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