GREECE

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Directive 2009/81/EC created a regulatory framework, not a per se functioning (single) market. It made European defence procurement more transparent and gave institutional legitimacy to the broader goal of developing an EU defence equipment market. Yet nearly two decades after its adoption, the gap between ambition and operational reality remains. The directive governs a relatively narrow[2] proportion of actual defence expenditure, with a substantial share of contract value channelled indirectly through national security exemptions invoked under Article 346 TFEU and bilateral intergovernmental arrangements operating outside the directive's scope. At the same time, procurement cycles lag technological change and operational needs, while bureaucracy obscures the directive's efficiency.

Greece's position in this debate is defined, in principle, by a structural asymmetry that shapes its national interests. Athens sustains one of the highest defence expenditures as a percentage of its GDP in the EU and the Alliance. Nevertheless, its domestic industrial base remains modest compared with that of the major member states, which have robust defence industries that collectively capture the majority[3] of European defence revenues, partly[4] due to the fiscal crisis of the previous decade. This asymmetry incentivises Greece to promote simplification but also reminds it that the conditions for meaningful market improvement remain insufficient, if its practical effects are to further consolidate the industrial primacy of the larger member-states. Openness to SMEs and firms embedded in smaller defence value chains must be structurally inscribed in the revised directive.

For Greece and its industrial ecosystem, three main reforms would materially improve market performance. First, a fully harmonised EU industrial eligibility architecture would reduce the transactional costs that currently discourage cross-border and transnational participation, particularly for smaller firms unable to absorb repeated qualification processes across multiple national jurisdictions. Second, building credible procurement processes for EU-

[2] European Commission (2016), *Report from the Commission to the European Parliament and the Council on the implementation of Directive 2009/81/EC on public procurement in the fields of defence and security, to comply with Article 73(2) of that Directive*.
https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2016/0762/COM_COM(2016)0762_EN.pdf

[3] European Parliament (2026), "European defence industry at a glance".

[4] Kamaras A. (2023), *The Greek Defence Sector: Turning the Page?*, Policy Paper #126/2023 from Hellenic Foundation for European & Foreign Policy (ELIAMEP).

funded defence research and development tools, such as the European Defence Fund, would address the structural discontinuity between innovation funding and procurement. Third, a carefully bounded 'European preference principle' would create the demand-side conditions necessary to anchor key industrial capacity within the Union, without tipping into the protectionist logic that would ultimately undermine the EDTIB's competitiveness. Greece would naturally promote prioritising EU solutions where they meet operational requirements, rather than categorically excluding non-EU alternatives, except when they come from countries that are not like-minded, cannot prove a substantial degree of alignment with CFSP and contravene the security and defence interests of both the Union and its member-states. On the supply side, reducing dependence on third-country providers requires strengthening domestic production, diversifying supply chains, supporting resilience and investing in competitiveness.

Athens has pursued defence-industrial relations with non-EU partners, such as Israel, for operational necessity. Simultaneously, due to the fact that its main security threat emanates from a NATO ally, it has maintained a strategic imperative to seek other security providers[5], including the EU. A revised Directive must be sophisticated enough to distinguish between domains in which European capabilities are achievable and efficient, and those in which operational requirements legitimately point elsewhere, taking into account the aforementioned conditions. This would serve Greek interests and, arguably, the broader credibility and stability of the European project.

[5] Tsakonas P. and Tournikiotis A. (2003), "Greece's Elusive Quest for Security Providers: The `Expectations-Reality Gap'", Security Dialogue, Volume 34, Issue 3, pages 301–314, https://doi.org/10.1177/09670106030343005