

LITHUANIA

*By Prof. Margarita Šešelgytė, Director of the Institute of International Relations and Political Science,
Vilnius University*

Calls to reform Directive 2009/81/EC predate Russia's full-scale invasion of Ukraine. Both the European Commission's 2016 evaluation (European Commission, 2016) and a 2021 European Parliament assessment (European Parliament, 2021) concluded that the Directive had only partially achieved its objectives (to promote transparency, competition, and integration within the European defence market), as defence procurement remained fragmented and Member States continued to rely extensively on national exemptions and non-competitive procedures. The new revision of Directive 2009/81/EC takes place in a fundamentally altered security environment shaped by Russia's war against Ukraine, growing defence expenditure, increasing emphasis on European defence readiness and increasing efforts to boost European defence industry.

From a Lithuanian perspective, the current defence market structure has achieved only partial success. Lithuanian defence procurement has been largely opportunity-driven, with decisions shaped by available resources, operational requirements, and strategic partnerships rather than long-term industrial objectives. Consequently, procurement has prioritised military effectiveness, interoperability, and security of supply, while Article 346 TFEU exemptions have frequently been used to protect essential security interests (Šešelgytė, 2018). While this approach has enabled Lithuania to respond flexibly to evolving security needs, it has also exposed some of the limitations of the current European defence procurement framework.

Current Lithuania's defence priorities include establishing a fully operational national division by 2030 and ensuring the successful deployment and support of the German brigade. To achieve these objectives, the country has launched major procurement programmes, including the acquisition of Leopard 2A8 tanks, CV90 infantry fighting vehicles, air defence systems, ammunition, and drone capabilities. These procurement efforts are supported by a rapidly expanding defence budget: in 2026, Lithuania plans to spend €4.79 billion on defence (5.38 per cent of GDP), including approximately €1.3 billion from the EU's SAFE instrument, under which the country has been allocated up to €6.375 billion in loans to finance major capability development projects. In this context, the effectiveness of the defence market should be assessed not only in terms of transparency and competition, but also by its ability to deliver the required capabilities rapidly, reliably, and, where possible, from the best available sources.

For Lithuania, the reform of the Directive should not result in rigid European preference requirements. Given the country's urgent capability needs and longstanding defence

cooperation with trusted NATO partners, particularly the United States and the United Kingdom, procurement flexibility remains essential for ensuring military effectiveness, interoperability, and security of supply. Any revised framework should therefore support European industrial development without limiting access to the suppliers best able to meet operational requirements.

At the same time, the reform should better reflect the realities of smaller Member States. Lithuania's defence industry is composed largely of private, dual-use, export-oriented SMEs that are unlikely to become prime contractors but can contribute as suppliers of technologies, components, and specialised services. The priority should therefore be to facilitate their integration into European supply chains through strategic partnerships, technology transfer, maintenance and servicing arrangements, and participation in joint procurement projects. From a Lithuanian perspective, the success of the Directive's reform will depend on whether it simultaneously enables faster capability acquisition and creates meaningful opportunities for national industries to become part of a stronger and more resilient European defence industrial ecosystem.

RESSOURCES

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