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GREEK DEFENSE POLICY AND GREECE'S MILITARY EXPENDITURE

Mr. President of Eurocapitales,

Mr. President of European Movement Finland,

Ladies and Gentlemen,

My presentation refers to **the general climate of increasing military spending in Europe**, with particular reference to Greece, where a greater increase in these expenditures is observed, for reasons that we will mention below.

The European Union is currently in a historical period of rapid defense armaments.

And to summarize some statistics, its defense spending is estimated to now reach **2.1%** of its Gross Domestic Product, recording a spectacular increase from **1.6%** in 2023, as the countries, the member states, respond to geopolitical challenges and the demands of the allies.

As is perhaps known, **the main pillars and strategies** of European defense policy can be classified into the following key points:

There is an **explosion of spending**, since seven out of ten citizens of the European Union, according to journalistic information, now support the allocation of significant resources for common defense.

Regarding the **distribution of equipment**, 40% of new investments are directed to the procurement of advanced technology equipment.

In particular, regarding the position of Greece, it remains **firmly in 2nd place** in the European Union, in the ratio of defense spending to Gross Domestic Product, allocating approximately **7.2** billion euros annually.

The **strategic initiatives** of the European Union, as recorded by various scholars, are as follows:

The European Defense Industrial Strategy (EDIS) aims **to reduce dependence** on imports and **strengthen European production** of military equipment.

The European Defence Fund (EDF) **finances research** and development of **defence technologies**, with the aim of interoperability between national armies.

Cooperation with NATO is found **in the alignment of European armaments** with the objectives of the North Atlantic Alliance, to create stronger unified deterrent forces.

Regarding the budgetary burden, it is observed here that the cost of financing armaments **puts pressure on the economies** of the Member States, as it must be balanced with economic growth and social cohesion.

Thus, **an autonomy is being established** vis-à-vis alliances by creating a permanent dialogue on the independence of Europe, in relation to its allies, with pressures to increase national budgets, but also reactions to budgetary margins.

These, in general, are the frameworks within which the European Defense Policy and the Military Expenditure Policy in the European Union operate.

The defense sector of Greece is unique, due to the peculiarities that we will mention below.

Greece is increasing its military spending, primarily, to address the long-standing **geopolitical challenges** and the tension with **neighboring Turkey** in the Eastern Mediterranean.

The necessity of high military spending for Greece remains a **dominant issue of national strategy**.

Maintaining a high level of defense equipment is considered essential by the political leadership to **deter external threats**, defend sovereign rights and comply with the country's international obligations. The key points of this strategy are included in the following considerations:

Greece is located in **a sensitive region** (Eastern Mediterranean) and, due to its **geopolitical location**, has been facing security challenges over time.

In compliance with NATO terms, the country has been dedicating **more than 2% of its GDP to defense** for years, even exceeding the NATO target, with discussions regarding the adoption of even higher percentages. According to the Armed Forces **modernization programs**, there are long-term upgrade programs for their combat capability (e.g. Rafale aircraft, FDI frigates), which require stable funding.

Regarding the economic impact, **the high cost of defense spending exerts significant pressure on the state budget**, limiting the resources available for other sectors such as health, education and social welfare. This strategic analysis is based on the following main pillars, with the **dominant reason being Greece's confrontation** with its neighboring country and NATO member Turkey.

The theoretically **existing Turkish threat & geopolitical instability**, which is characterized by long-term tension and a strong challenge to sovereign rights in the Aegean and Cyprus, require the **continuous strengthening of the country's deterrent power**.

This threat, as perceived in Greece, is implemented by repeated **verbal attacks** by various official Turkish institutions, by **aerial violations** by airplanes and by violations of Greek **territorial waters** by Turkish vessels, **without however engaging in confrontations**, but only at an intimidating level.

The risk, of course, according to the estimates of specialized diplomatic sources, of a **direct large-scale military attack by Turkey**, is currently considered extremely low.

After all, such an alleged attack would be nothing more than an attack by a third country against the entire European Union, which, in principle, **is considered unthinkable**. In recent years, the Greek-Turkish political and diplomatic approach has significantly reduced tension, although certain **key issues**, such as the **border of the maritime zone**, the **continental shelf** and others, remain unresolved, maintaining vigilance. Today the climate is: Dialogue and Calm Waters:

The period, which was characterized by daily provocations and intense rhetoric, has been replaced by a phase of communication and the **signing of friendship and cooperation agreements** between the two countries.

The differences in the Aegean are identified, as we said, in the issues concerning the **continental shelf, territorial waters and the demilitarization of the islands**, issues that remain on the table of discussions, but are also promoted, and must be promoted, through diplomacy and not through military threat.

In order to establish a basic deterrent force for any eventuality, the Greek Armed Forces **maintain a high level of readiness and are constantly** being equipped (with programs such as the Belharra frigates and the Rafale aircraft), making the cost of a supposed invasion prohibitive.

In addition to these, Greece has strengthened **its defense partnerships** (e.g. with France and the USA), while actively participating in European defense programs, a fact that functions as an additional deterrent factor.

Although **Greek-Turkish relations are complex and uncertain**, and airspace violations or verbal tensions may occasionally flare up, the general framework for 2026 is directed towards **managing differences by peaceful means**.

Let us look more specifically **at the increased**, due to the above reasons, **defense policy of Greece**, in view of the above-mentioned characteristics, as it has been made public by journalistic information.

The "**Achilles Shield**" armaments program is a broad 12-year program.

It includes the purchase of **advanced weapons systems** such as the 5th generation **F-35 fighters**, as well as the creation of a multi-level anti-aircraft and anti-missile dome.

The "**Achilles' Shield**" program is Greece's new, ultra-modern and multi-layered air defense system, worth approximately **3 billion euros**. It is being designed in collaboration with Israel to protect against **drones, missiles** and **ballistic threats**, forming part of a wider armament program. It combines **multi-range systems** to deal with different threats (Iron Dome type).

It shields **critical infrastructure**, urban centers and extends the protection umbrella of the Aegean and the mainland.

It is part of an overall **modernization plan of 28 billion euros** and includes a combination of Israeli and Western systems.

The weapon systems it includes are: **Spyder** (Israeli short/medium range air defense system) **Barak MX** (Multilayer system for missiles, aircraft and drones) **David's Sling** (Medium to long range system for ballistic missiles) **Patriot** (American long range systems) **MMR / ELM-2084 radar** (Target detection and tracking, similar to those used in Israel). The Shield also includes **advanced electronic warfare systems against drones** and data links systems for the exchange of tactical images between units in real time.

Thus, the objectives set by NATO and the European Union are met **to the fullest**, significantly.

Greece, therefore, appears to be consistently maintaining one of the highest defense spending ratios **in terms of GDP in the NATO alliance**, aiming to far exceed the **2%** target.

Investments also concern **cybersecurity** and the creation of **modern infrastructure**.

After the great economic crisis, Greece is covering the equipment shortages of previous years, while part of the budget is directed to strengthening the **domestic defense industry and technology**.

For the current year 2026, defense spending is planned to reach **approximately 7 billion euros** or higher, incorporating increased appropriations for both equipment needs and personnel salaries.

There is, in progress, **a five-year armaments plan**, which is the longest-term Defense Equipment Program, covering large purchases, which have been agreed in previous years (e.g. **FDI frigates**, (Frégates de Défense et d'Intervention / Defense and Intervention Frigates, **Rafale** fighters, **F-35**), necessarily ensuring a high flow of spending.

According to historical and recent data from SIPRI (Stockholm International Peace Research Institute), Greece has consistently ranked among **the top NATO member states as a percentage** of its Gross Domestic Product.

Defense spending is a **critical indicator** of both a state's strategic priority and its fiscal policy.

Below, we will present **comparative data** on Greek defense spending in relation to neighboring countries and other European Union member states and examine the distribution of the defense budget.

In 2024, Greece spent **3.1%** of its GDP on military spending.

Other countries that spent more are Poland **4.2%**, Estonia **3.4%**, Latvia **3.3%**, Lithuania **3.1%**, when the European average is **1.9%**.

Greece **ranks fourth in the European Union** in terms of defense spending, as a percentage of Gross Domestic Product.

In terms of absolute amounts, Greece spends approximately, with current data, **\$8 billion annually**.

The highest expenditures are recorded in Germany (**\$88.5 billion**) and France (**\$64.7 billion**), but they are much larger countries.

Greece is also among the countries in the European Union with the highest percentages of military spending **on total public spending**. Specifically, **6.6%** of total General Government spending is directed to defense, a percentage that ranks it fourth in the EU, after Poland (**8.5%**), Lithuania (**7.9%**) and Estonia (**7.5%**).

Compared to its neighboring countries, Greece spends **almost twice** as much of its GDP on defense as Albania and North Macedonia.

The difference with Turkey is also impressive, as Greece spends **1.6** times as much of its GDP on military spending.

However, in absolute numbers, Turkey remains the dominant country in the region, with total defense spending of **\$25 billion** (up from \$19.6 billion in 2023) — more than three times that of Greece. Bulgaria spends **\$2.3 billion**, Albania about **\$535 million**, while **North Macedonia only \$354 million**.

Greece spends **1.4%** of GDP on wages and **0.5%** on defense investment (2023).

In 2023, of Greece's total defense spending, **€3.2** billion was allocated to personnel salaries (approximately 150 thousand), while approximately **€1** billion was directed to investments — which include military equipment procurement, construction of new buildings and facilities for military use, ammunition procurement, etc.

In proportion to GDP, these amounts correspond to **1.4%** for salaries and **0.5%** for investments.

For comparison, in the European Union the corresponding percentages were **0.6%** and **0.4%** of GDP.

A smaller part of the budget was allocated to **intermediate consumption**, i.e. for the purchase of goods and services, which are not considered fixed investments or capital formation.

The defense spending budget is entering **a new era of growth**, as a percentage of GDP, imposed by the new NATO guidelines and facilitated by changes in European fiscal rules.

However, Greece, given that it already maintained defense spending at high levels, is estimated to increase it by **0.3%** of GDP in 2026, while in other European countries the increases may be greater.

The Greek Minister of National Economy and Finance recently submitted a request to the European Council and the European Commission to activate **the national escape clause**, which is provided for by the European fiscal rules.

The aim is to **exclude the increase in defense spending** from the budgetary targets, based on the decision taken at the European Council of 6 March 2025.

Defense spending in Greece, in fiscal terms, is estimated to increase from **2.2%** of GDP in 2024, to **2.3%** in 2025 and **2.5%** in 2026, as a result of the implementation of the new Long-Term Defense Equipment Program recently approved by the Greek Government.

This covers the period 2025-2036, while it is expected to lead to high levels of defense spending after 2026.

In accordance with the provisions for activating the national escape clause, **the fiscal rules** will continue to operate normally.

For 2026, an increase in armaments spending of around **0.5** billion euros has been foreseen, in absolute terms, which is expected to be excluded from the budgetary targets, in accordance with the provisions of the national escape clause.

Increased military spending, both at the European Union level and in Greece, for the specific reasons we mentioned, **reduces the social progress of the populations in general**, a fact that is not approved by anyone.

It is presented, however, as a necessary consequence of the **contemporary dangerous situations of imbalances on the planet**, in general, but also in places close to the European Union.

This situation of increased military armaments **may be imposed de facto today**, but it is the wish of all of us, however, that this situation will subside and that **the national budgets of the states will be directed towards** goals of **social progress and universal benefit**.

Thank you.

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