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Greece as a NATO Strategic Member Country and a Valued EU Member State: An analysis of Greek Defense Expenditures in the Post-memorandum Era

Dr. Georgios-Orion Marias
Adjunct Lecturer
Department of Turkish Studies and Modern Asian Studies, National and Kapodistrian University of Athens, Greece
mariasg@turkmas.uoa.gr
ORCID ID: https://orcid.org/0009-0004-0637-4449

Abstract

During the 2023 NATO Summit in Vilnius, the Heads of State and Government agreed among others to strengthen their commitment to defense investment as well as to step up the support to Kyiv. In February 2024, the Secretary General of NATO announced that for the first time the European allies will spend 2% of their collective GDP on defense in 2024. Apart from the US support, EU has also agreed to support Ukraine military. However, due to the high defense expenditures of those EU member states which simultaneous are and NATO member countries, the EU had to reform its fiscal rules. The purpose of this article is firstly to indicate the consequences of the economic crisis on Greek expenditures from 2010 to 2018 based on quantitative data. Secondly, the article presents the outmost increase of Greek defense expenditures in the post-memorandum era based again on quantitative data. Thirdly, the article analyzes the role of Greece as a NATO strategic member country and a valued EU member state. Finally, the article analyzes the new economic and fiscal governance framework of the EU, adopted in April 2024, which exempts member states' defense spending from the strict budget deficit rules of the Stability and Growth Pact.

Keywords: *NATO, EU, Greece, defense expenditures, Ukraine.*

Introduction

On 20 August 2018, the former Managing Director of the European Stability Mechanism (ESM) and CEO of the European Financial Stability Facility (EFSF) Klaus Regling announced Greece's exit from the last ESM financial assistance program. On the same date, European Commission issued a Press Release underling Greece's full integration into the European Semester of the European Union (European Commission, 2018a).

Therefore, Greece was not required to sign a new financial assistance program or a new Memorandum (MoU), but was obliged to enter in an enhanced surveillance framework as agreed between the euro area finance ministers and the Greek authorities (European Commission, 2018b). Athens remained under enhanced surveillance for 4 years, instead of an initial six-month period, but as marked by the European Commission the monitoring of the economic, fiscal and financial situation of Greece was going to be continued in the context of the European Semester and the post-program surveillance (European Commission, 2022).

The harsh austerity measures, aftereffects of the four MoUs imposed on Greece left their marks on country's defense sector. Thus, Greece was required to procced with extreme reductions in the defense sector jeopardizing its ability for deterrence especially against Turkey.

The gradual escalation between the US-Russian relations in Europe especially on Ukraine brought back in Europe again the Transatlantic-Russian point of interest (Marias, 2024, p. 10), leading subsequently to the war in Ukraine in February 2022. Both US and the EU wend their way in strengthening their security and defense structures. Hence, Greece in its capacity as a NATO strategic member county and a valued EU member state increased its defense spending in an attempt to upgrade its geostrategic imprint in the Mediterranean region and the Aegean Sea.

The purpose of this article is firstly to indicate the consequences of the economic crisis on Greek expenditures from 2010 to 2018 based on quantitative data. Secondly, the article presents the outmost increase of Greek defense expenditures in the post-memorandum era based again on quantitative data. Thirdly, the article analyzes the role of Greece as a NATO strategic member country and a valued EU member state. Finally, the article focuses on the new economic and fiscal governance framework of the EU, adopted in April 2024, which exempts member states' defense spending from the strict budget deficit rules of the Stability and Growth Pact.

Methodology

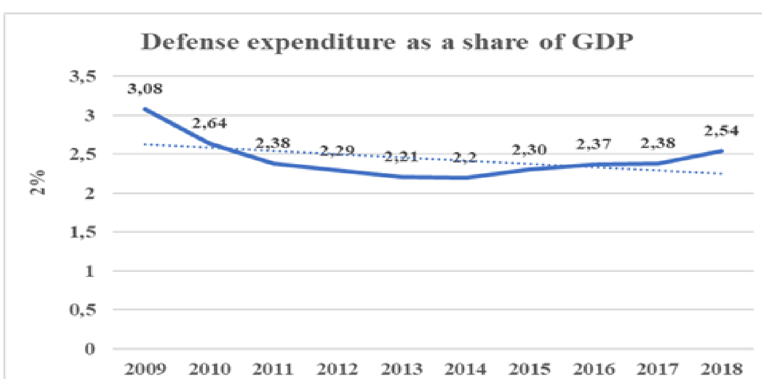
The article proceeds in an in-depth analysis of NATO's recent decision to increase member counties' defense spending in order to achieve their obligations, i.e. invest annually at least 2% of their GDP on defense as well as invest at least 20% of their defense budgets on major equipment including research and development, as a means of support to Ukraine. In this context, the European Union providing financial and military support to Kyiv proceeded to the reform of its economic and fiscal governance framework by exempting member states' defense expenditures from EU's Maastricht deficit and debt rules.

Article's research methodology is based primarily on a wide range of NATO quantitative data, reports and press releases, EU secondary legislation and parliamentary minutes, as well as scientific papers, policy papers, studies and newspapers articles.

Greek defense expenditures 2009 - 2018

Despite the decline in defense spending, Greece managed to keep throughout the economic crisis the NATO obligation, i. e spending 2% of its GDP on defense. Although from 2010 to 2014 there was a reduction in defense expenditures as a share of GDP, Greece never fell below the 2% limit. On the contrary, from 2014 to 2018 Greek defense expenditures showed a continuous increase exceeding 2.5%, as it as it is indicated in the relevant **Figure (1)**.

Figure 1



Source: Author's own compilation based on:
Defense Expenditure of NATO Countries (2009 - 2016), (2011 - 2018), (2013 - 2020), NATO.

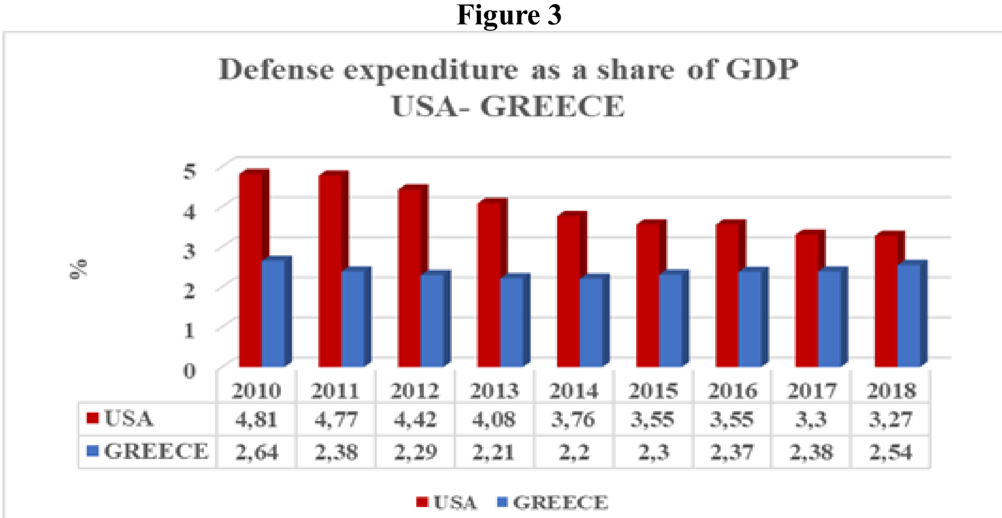
However, annual real changes in defense expenditure as a percentage of GDP recorded a four-year negative trend. But this status began to reverse from 2014 onwards and then followed the upward trend of 2%, as shown in the relevant **Figure (2)**.

Figure 2

Source: Author's own compilation based on: Defense Expenditure of NATO Countries (2009 - 2016), (2011 - 2018), (2013 - 2020), NATO.

It is also noteworthy that, despite the continuous reduction in defense expenditures from 2014 to 2018, Greece was constantly in 2nd place behind the USA among all NATO members. Hereto, by 2014 USA gradually reduced its defense expenditures as a percentage of GDP, falling below 4%, according to the relevant **Figure (3)**.

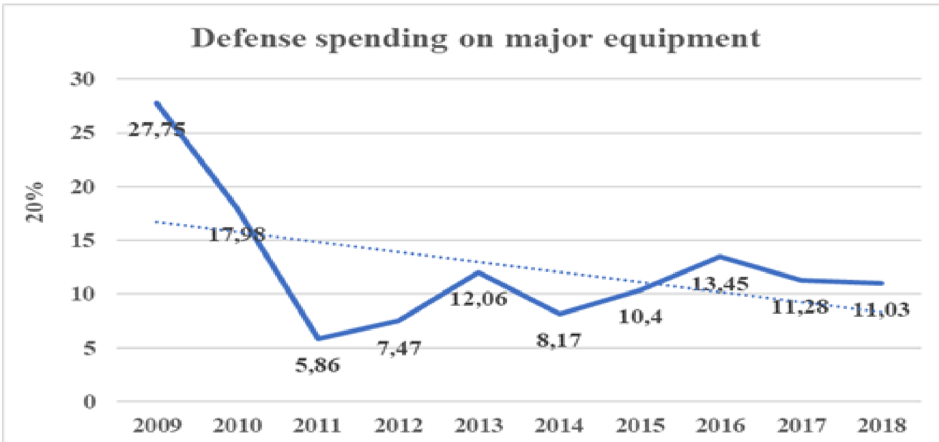
Figure 3



Source: Author's own compilation based on: Defense Expenditure of NATO Countries (2009 - 2016), (2011 - 2018), (2013 - 2020), NATO.

In contrast, since the beginning of the financial crisis, Greece was unable to fulfill the other NATO obligation, i.e. at least 20% of defense expenditure be devoted to major equipment. According to this obligation, each member country of the Alliance should spend 20% of the 2% of the GDP on major equipment. In particular, the aforementioned defense expenditure in 2010 showed a decline reaching 17.98% from 27.75% that was before the crisis in 2009, while in 2011 dropped extremely to 5.86%. Nevertheless, by 2015 it managed to stabilize over 10% reaching even 13.45%, as it is indicated in the relevant **Figure (4)**.

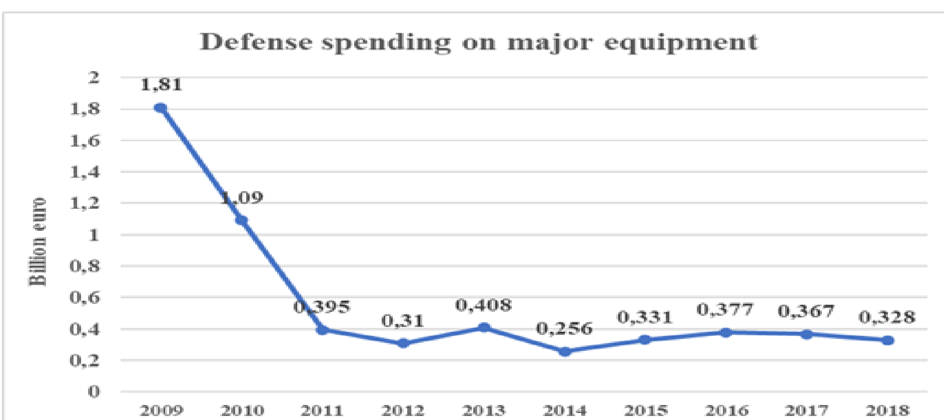
Figure 4



Source: Author's own compilation based on: Defense Expenditure of NATO Countries (2009 - 2016), (2011 - 2018), (2013 - 2020), NATO.

Analyzing the amount spend on major equipment, it is obvious that while in 2009 Greece spent 1,81 billion EUR on equipment, from 2010 onwards, i.e. from the start of the economic crisis and the implementation of the MoUs, the amounts decreased considerably in 2011 reaching 395 million EUR, while in 2014 they barely exceeded 250 million EUR, a decline of 85.8% compared to 2009 according to the relevant **Figure (5)**.

Figure 5



Source: Author's own compilation based on: Defense Expenditure of NATO Countries (2009 - 2016), (2011 - 2018), (2013 - 2020), NATO.

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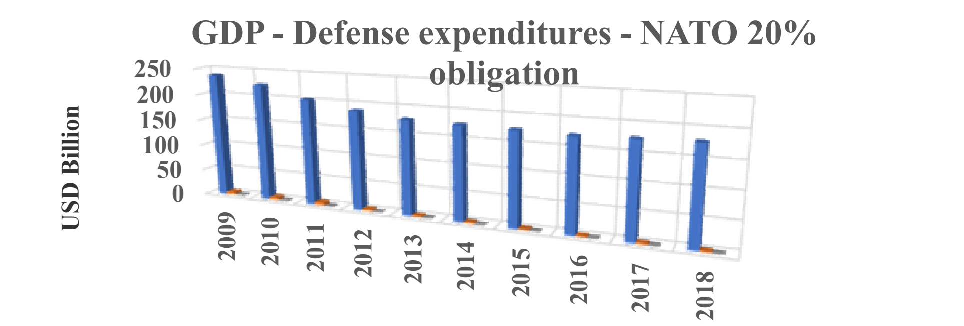
Therefore, focusing on the ratio between the amount that Greece spent on major equipment in relation to defense expenditures and GDP, it is obvious that they represent negligible amounts. Hence, in a time period where Turkey's revisionist policy in the Aegean and Eastern Mediterranean progressed, Greece actually maintained the already existing equipment. This explains the reason why Greece could not accomplish NATO's obligation of at least 20% of defense expenditure be devoted to major equipment, as it is shown in **Figure (6)**.

Figure 6



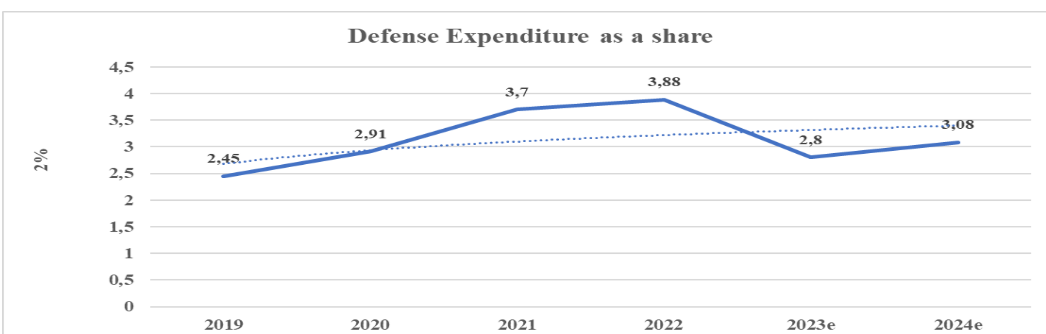
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GDP	237.5	224.1	203.3	188.4	179.6	177.3	176.1	174.2	177.2	179.7
Defense expenditures	6.55	6.09	6.75	4.15	3.39	3.14	3.19	2.81	3.26	2.98
NATO 20% obligation	1.81	1.09	0.395	0.31	0.408	0.256	0.331	0.377	0.367	0.328

Source: Author's own compilation based on: Hellenic Statistical Authority (ELSTAT), 2021.
Explanatory Report of the State Budget 2009 - 2018, Greek Ministry of Economy and Finance.
Defense Expenditure of NATO Countries (2009 - 2016), (2011 - 2018), (2013 - 2020), NATO.

Greek defense expenditures in the post-memorandum era 2019 - 2024

Greece's obligation to spend 2% of its GDP on defense was continued in the post-memorandum era. In particular, despite the slowdown of the Greek economy due to the Covid-19 pandemic, Greece constantly increased its defense expenditure as a share of GDP. Moreover, 2022 signifies a milestone, as Greece exiting EU's enhanced surveillance spent 3,88% of its GDP on defense, the highest percentage the last 15 years as it can be seen from the relevant **Figure (7).**

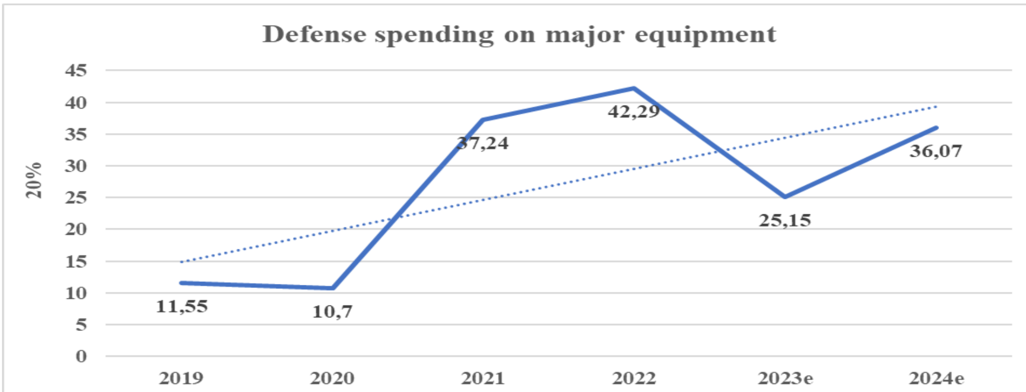
Figure 7



Source: Author's own compilation based on: Defense Expenditure of NATO Countries (2014 - 2024), NATO.

Both for 2019 and 2020, Greece has not reached NATO's 20% obligation despite its increased defense budget as a share of GDP. However, in late 2020, Greece launched a new modernization program purchasing fighters, frigates, anti-submarine helicopters etc. Hence, in 2021 Greece exceeded Alliance's obligation, whereas in 2022 reached 42,29%, that is to say, twice the spending on major equipment threshold.

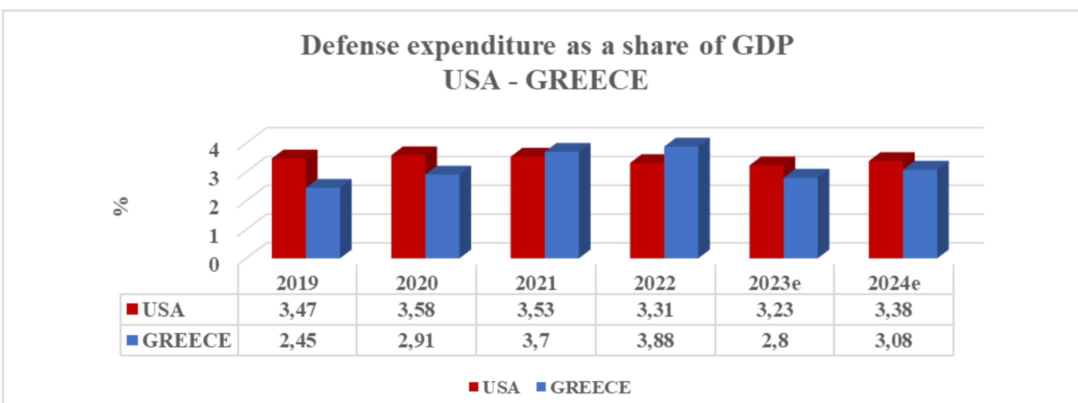
Figure 8



Source: Author's own compilation based on: Defense Expenditure of NATO Countries (2014 - 2024), NATO.

As already noted in Table (7), Greek defense expenditures as a share of GDP were constantly increased. It is noteworthy that both in 2021 and 2022 Greece had the highest defense expenditure as a share of GDP, leaving behind even the USA. Greece's volition to meet and exceed Alliance's primary obligation, that of 2%, shows the country's commitment to NATO's strategic concepts. Moreover, it shows Athens' dedication to the recent decision of the transatlantic Alliance (2023 Vilnius Summit), that of investing more than 2% of GDP on defense as it is indicated in the relevant **Figure (9)** regarding 2024.

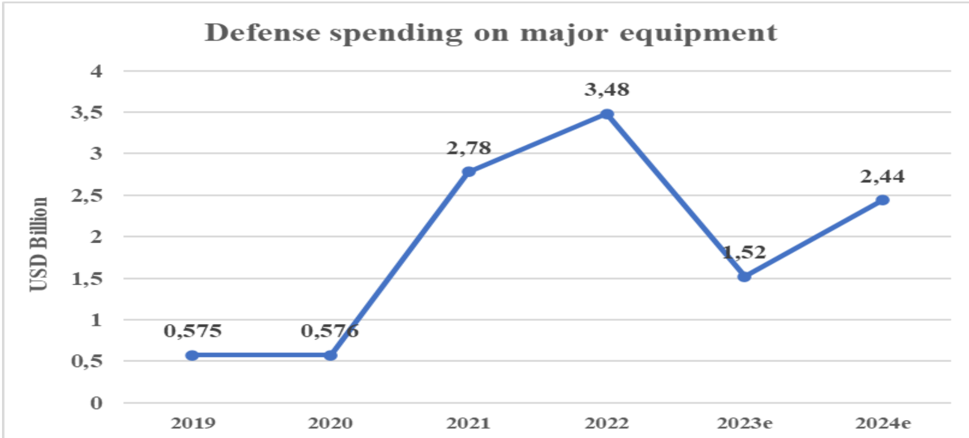
Figure 9



Source: Author's own compilation based on: Defense Expenditure of NATO Countries (2014 - 2024), NATO.

As far as the amount spend on major equipment is concerned in the post-memorandum era, 2021 and 2022 shows Greece's purchases on major equipment. As already mentioned in Table (8), in 2021 Greece launched a new modernization program. In 2022, Greece also purchased missiles and signed a series of military procurement programs for helicopters as well as for UAVs.

Figure 10



Source: Author's own compilation based on: Defense Expenditure of NATO Countries (2014 - 2024), NATO.

The "historic" 2023 NATO Summit and its impact on defense expenditures

On 11-12 July 2023, took place the "historic" NATO Summit according to the Secretary General Jens Stoltenberg. Alliance's top international civil servant stated that during the Vilnius Summit the Heads of State and Government agreed to a) robust defense plans since the Cold War, b) strengthen their commitment to defense investment, c) bring Ukraine closer to the Alliance, d) step up the support to Ukraine for the long haul, e) deepen more their partnerships around the world (NATO, 2023a).

Thus, according to the relevant Summit Communiqué, in paragraphs 27 and 28, NATO Heads of State and Government referred to Alliance's obligations, i.e. invest annually at least 2% of their GDP on defense as well as invest at least 20% of their defense budgets on major equipment including research and development (NATO, 2023b).

More specifically, as far as the 2% obligation is concerned, NATO members stated that the respect of this obligation is necessary in order for the Alliance to be able to fund its new defense plans. Thought, what is interesting is that NATO member countries not only bounded to the aforementioned obligation but agreed to invest more than 2% of their GDP on defense as a mean to cover their past inadequacy to meet Alliance's obligation. As far as the 20% obligation is concerned, the NATO Heads of State and Government stressed the importance of investments on major equipment and research-development underling the direct interface of 20% obligation with the 2% obligation. Hence, it is obvious that NATO member countries were committed also to spend more than 20% of their defense budgets on major equipment.

At this point, it should be noted that the aforementioned NATO obligations consist of upmost importance. Specifically, during the Wales Summit in 2014, NATO member countries agreed to reverse the trend of declining defense budgets and raise them over the coming decade (NATO, 2014b), viz. 2014 - 2024. Thus, the former Secretary General of NATO Anders Fogh Rasmussen has mentioned that "in this dangerous world, we recognize that we need to invest additional effort and money. So today the Alliance made a pledge on defense investment" (NATO, 2014a). Hence, according to paragraph 14 of the Wales Summit Declaration, Alliance's Heads of State and Government had stated that for those member countries whose proportion of GDP spent on defense was below 2%, they had to move towards the relevant guideline within a decade with a view to meeting their NATO Capability Targets and filling NATO's capability shortfalls, as well as increase their annual investments to 20% or more of total defense expenditures (Wales Summit Declaration, 2014, p. 4) within a decade respectively. As far as those member countries meeting NATO's guidelines were concerned, the Heads of State and Government asked to continue to do so.

NATO member countries' commitments, i.e. spend a minimum of 2% of their GDP on defense and more than 20% of their defense budgets on major equipment, including related research and development, were first introduced during the Riga Summit in 2006 (Wade and Balakrishman, 2022). Thus, Alliance's Defense Ministers proceeded to this decision in order to ensure NATO's military readiness (NATO, 2024c). However, as it is stated in an insight of the House of Commons Library, the introduction of the 2% target was perceived as an achievable goal in an attempt to address the imbalance that US spent a far greater percentage of its GDP on defense than any of the European allies. As regards the 20% target, it was to ensure that NATO members countries have the appropriate military equipment and capabilities in order to conduct its missions (Dempsey, 2018).

The impact of 2023 NATO Summit in Vilnius on defense expenditures became apparent seven months later. In particular, on 14 February 2024 the Secretary General of NATO Jens Stoltenberg made public Alliance's latest defense spending figures. According to the relevant graph, there has been a real increase of 11% in defense spending in 2023, showing an unprecedented increase across European Allies and Canada (NATO, 2024a), as specified by NATO's Secretary General during his press conference in Brussels.

However, during the aforementioned press conference, Jens Stoltenberg stated that for the first time since the Alliance's creation, NATO's European allies in 2024 will spend 2% of their collective GDP on defense (Babb, 2024). Hereto, NATO's Secretary General noted that by the end of 2024 European allies and Canada will have added more than 600 billion USD for defense since the endorsement of the Defense Investment Pledge in 2014 (NATO, 2024b).

As NATO's Secretary General Jens Stoltenberg pointed out on 15 February 2024 during a press conference after the Defense Ministers meeting, the Alliance has to continue to support Ukraine even if is not facing any impending threat. Hence, since the beginning of the war in Ukraine, the United States Congress has passed five bills providing to Ukraine 175 billion USD from which only 107 billion USD directly aids the government of Ukraine (Masters and Merrow, 2024).

In this context, Greece as a NATO strategic member country proceeded to important defense expenditures especially between 2021 and 2022. Athens, bound to the Vilnius NATO Summit invested in 2022 more than of 40% of its defense budget on major equipment and more than 3,8% on defense expenditure as a share of GDP, as analyzed above regarding the Greek defense expenditures in the post-memorandum era.

Greece: A NATO strategic member country

Greece from 2019 until 2022 increased its defense expenditures around 60% according to the aforementioned data. As it was already mentioned, even if in 2023 and 2024 the estimated defense expenditure data of the Alliance show a small decline compare to 2022, still Greek defense expenditures represent one of the highest among NATO member countries.

More specifically, as far as the 2% obligation is concerned, Greece from 2009 until 2024 has been constantly achieving Alliance's obligation despite its eight years of economic crisis. In particular, Greece from 2014 until 2018 had the second highest defense budget as a share of GDP just behind USA, showing country's commitment to NATO's important obligation. Thus, Athens despite its economic recession was trying to guarantee Alliance's deterrence both in the Mediterranean region and the Balkans.

After 2018, Greece inaugurated a new era into Alliance's defense expenditures. Hereto, in 2019 Greece had the third highest defense budget as a share of GDP behind USA as well as behind Bulgaria (NATO, 2024d) which had a 127% increase from 2018 that corresponded to the highest increase in military spending compare to any other country in the world (Brzozowski, 2020). In 2020, Greece had the second highest defense budget as a share of GDP, behind USA (NATO, 2024d) purchasing fighters, anti-submarine helicopters as well as upgrading its defense equipment. From 2021 to 2022, Greece became NATO's member country with the highest defense budget as a share of GDP surpassing USA (NATO, 2024d). Especially in 2021, Athens increased its defense budget by 43,76% compare to 2020, whereas in 2022 country's defense budget was decreased by 2,3% compare to 2021 (Macrotrends, n.d.). For both 2023 and 2024, NATO according to its data estimations foresees that Greece will exceed the 2% threshold, but ranks fifth in defense expenditures among its allies (NATO, 2024d). The main reason is that because of the war in Ukraine countries like Poland, Estonia and Latvia have expressed fears of a possible Russian invasion due to their close borders with Russia. Thus, Poland for 2025 plans to spend 5% of its GDP on defense according to country's foreign minister (Skolimowski, 2024). On this ground, Lithuania also plans to spend 3% or more of its GDP on defense following the green light of the national parliament regarding the national defense enhancement and development program (Ministry of Nation Defense of Lithuania, 2024).

As far as the 20% obligation is concerned, Greece for over a decade (2010-2020) could not reach Alliance's obligation. The main reason was the harsh economic measures that did not permit to Athens to invest on major equipment or research and development. Nevertheless, in 2021 Greece exceed NATO's obligation ranking second, behind Luxembourg (NATO, 2024d), spending more than 30% on major equipment. The same happened in 2022 where Greece spent more than 40% on major equipment ranking third behind Hungary and Luxembourg (NATO, 2024d). In relation to NATO's data, this skyrocketing of Greek defense expenditures on major equipment is going to be decelerated for 2023 and restart again in 2024. At any case, this "boom" of Greek expenditures on major equipment from 2020 to 2023 corresponds to a 300% increase (Kollias, 2024, p. 4).

Apart from Greece's efforts to fulfill its aforementioned obligations, as derived from Article 3 of the Washington Treaty, Athens played a strategic role for NATO firstly agreeing on Alliance's enlargement and secondly supporting NATO's policy on Ukraine. Thus, Greece as a staunch supporter of Euro-Atlantic integration, strongly supported Finland's and Sweden's accession to NATO by ratifying almost immediately through the Greek parliament their applications for membership. Greece did not use its veto to delay the enlargement of NATO jeopardizing the sovereignty, territorial integrity and security either of Finland or Sweden as Turkey and Hungary did. Greece stood next to NATO respecting Alliance's utmost goal, that of peace and security in Europe as well as in North America. In this context, Greece willing to help NATO adapting to new security and geopolitical challenges especially in Europe, strongly supported Alliance's policy on Ukraine without consideration.

Therefore, Athens, in its capacity as a NATO member country, signed in August 2023 a declaration of support for Ukraine's NATO membership. The most important point in this joint declaration is Athens' commitment to continue providing military, defense etc. support to Kyiv (Hellenic Republic, 2023). Athens' commitment to provide military support included the possibility of sending its S-300 missile system. However, it should be mentioned that even if the Greek Prime Minister has reaffirmed that Greece will not send its S-300 missile system (Posaner, 2024), the Heads of State and Government Statement of the NATO-Ukraine Council during the Alliance's Summit in Washington DC (9-11/7/24) welcomes NATO allies' commitment for additional air defense systems for Ukraine (NATO, 2024e). Thus, Greece reiterating its commitment to the transatlantic alliance agreed on a defense support which could lead Greek-russian relations at a breaking point, proving its value as a NATO strategic member country and indefeasible catalyst to Alliance's strategic concepts for Europe.

Greece: A valued EU member state

During the informal EU Summit in Versailles on March 2022, the Greek Prime Minister raised the issue of member states' defense expenditures being exempted from EU's deficit and debt calculation. More specifically, he emphasized that defense and defense expenditures should represent a distinct category from the rest of expenditures due to their importance (Hellenic Republic, 2022). Greek Prime Minister's proposal came less than a month of the outbreak of war in Ukraine, working as a breeding ground for EU's later decision to reform its fiscal rules on economic and fiscal governance framework.

During the ECOFIN Council meeting in Luxembourg on October 2022, the Greek Finance Minister reiterated the aforementioned Greek proposal stating that EU should not include Greece's defense spending as part of the EU's deficit calculation (Amna, 2022). Hence, the Greek proposal in conjunction with the outbreak of war in Ukraine gave rise to EU to start discussing how could reform its economic and fiscal governance framework. It should be mentioned that the Greek proposal has been supported by the European Commissioner Thierry Breton who has said that changing Union's debt rules should not constitute a "taboo" (Ot, 2022).

As the war in Ukraine appeared to last much longer than expected, member states continued to support financial and military Kyiv. Apart from the EU's commitment to help Ukraine, NATO demanded from those member states that are also Alliance's member countries to invest more on defense expenditures. In other words, NATO asked from its member countries to respect their 2% and 20% obligations, which derives from Article 3 of the Washington Treaty.

On December 2023, EU member states' ambassadors agreed to reform EU's economic governance framework. This meant that the Council of the EU had agreed to start negotiations with the European Parliament regarding the new EU's fiscal rules. As it is mentioned in the relevant press release of the Council of the EU, Council agreed on the framework of reforms and investment in many sectors among others on defense (Council of the EU, 2023). Thus, Council's decision to start negotiations highlights the importance of the Greek proposal, since it worked as an effector to this historic deficit-debt reform.

Eventually, the European Parliament voted in favor of the new European economic governance framework so did the Council a few days later. This important decision on behalf of the EU came at a time when also NATO asked from its European allies to invest more on defense expenditures. It is obvious that the EU's decision is inextricably linked with the war in Ukraine and its implications on security for Europe. Greece through its proposal has motivated the EU to adapt to this new defense expenditures era.

The geopolitical challenges both in Europe and the Indo-Pacific portend the uninterruptedness power struggle between USA, Russia and China. EU's ambition to become an equal international actor to the forementioned nuclear super powers, entails a significant high defense budget. Hence, European Commission President Ursula von der Leyen's requirement of 500 billion EUR in defense investments over the next decade (Pugnet, 2024) affirms the importance of a high defense budget on behalf of the EU.

Thus, the new fiscal rules could facilitate EU to lay the foundations for a common defense budget. In this context, European Commission President Ursula von der Leyen commitment for a European Commissioner for Defense is in the right direction. However, the institutional framework as regards the functioning of the European Commissioner for Defense will be a matter of serious consultation as Common Security and Defense Policy (CSDP) falls in the exclusive competence of EU member states Moreover, the institutional framework regarding the relation between the EU High Representative for Foreign Affairs and Security Policy and the would be European Commissioner for Defense will also be a matter of serious discussion as pursuant to the Lisbon Treaty the EU High Representative steers CSDP, is responsible for operational conduct of EU missions and operations, chairs the EU defense ministers meetings and heads the European Defense Agency etc.

EU and the new economic and fiscal governance framework

Except the US support, EU has also provided until today 108 billion EUR to Ukraine (European Commission, 2024). Also, the Union has set up an Ukraine Facility through which another 50 billion EUR will be provided to Ukraine in the period 2024 - 2027 (Bergmann, 2024, p. 2).

Apart from the financial support on behalf of the EU, member states have agreed to support Ukraine and military. Therefore, since the beginning of the war in Ukraine, EU has provided 36,5 billion USD in military assistance, 11,5 billion USD from the European Peace Facility and 25 billion USD in bilateral contributions by Union's member states (Delegation of the European Union to the United States, 2024, p. 2). In the same context lies the EU's initiative to establish a Military Assistance Mission in support of Ukraine (EUMAM Ukraine) with expected common costs over two years at 106,7 million EUR (Article 11, Council Decision (CFSP) 2022/1968). Moreover, regarding military mission's training, 24 EU member states taking part in EUMAM Ukraine have so far collectively trained 46,000 Ukrainian soldiers plus the UK who has also trained another 36,000 Ukrainian soldiers on its soil (Tidey, 2024).

Moreover, EU's recent decision to reform its fiscal rules on economic and fiscal governance framework consists of a milestone especially as regards defense. One of the main reasons why member states could not spend at least 2% of their GDP on defense was the economic and fiscal governance framework of the EU which was not exempting defense spending from strict budget deficit rules imposed by the Stability and Growth Pact.

More specifically, on 23 April 2024 the European Parliament during its Plenary Session in Strasbourg adopted a Proposal for a Regulation on the effective coordination of economic policies and multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97. Hence, in paragraph 5 of its position, the European Parliament asked the implementation of the Strategic Compass for Security and Defense (European Parliament, 2024a) aiming at the defense autonomy of the Union. It should be mentioned that the Strategic Compass for Security and Defense aspires to provide to the EU an ambitious plan of action for strengthening its security and defense policy by 2030 as well as make the EU a stronger and more capable security provider (Council of the EU, 2022, p. 1). However, as it is stated in the Annual Progress Report on the Implementation of the Strategic Compass for Security and Defense, EU's member states may surpass the 20% investment target, but the total defense expenditure remains in 1,5% of the GDP overall (European External Action Service, 2024, p. 19).

Nevertheless, focusing on the debate on the "Effective coordination of economic policies and multilateral budgetary surveillance", while someone would expect from all the political groups of the European Parliament to refer to the exemptions allowed by the new EU's economic and fiscal governance framework regarding member states' defense expenditures, apart from the European Commission there were few political groups' representatives who made reference to the aforementioned expenditures.

More particularly, European Commissioner Valdis Dombrovskis noted that EU's revised economic and fiscal governance framework will help the Union tackle its present and future challenges (European Parliament, 2024b) referring, albeit implicitly, to the war in Ukraine and its possible long-standing implications since pursuant to the American magazine *Newsweek* the Russian President Vladimir Putin is preparing his country for a ten-year war (Van Brugen, 2024). Hence, on this ground Commissioner Dombrovskis stated the importance of investments on behalf of member states that contribute to common EU objectives like Europe's security and defense. Moreover, the European Commissioner for Economy Paolo Gentiloni stated the advantages of EU's revised economic and fiscal governance framework, since through this reform public investments that are important for ensuring Europe's security are going to be protected respectively (European Parliament, 2024b).

As regards European Parliament's political groups, only three representatives pointed out the importance of EU's economic governance reform on defense. In particular, the Renew Group's representative MEP Stéphanie Yon-Courtin marked that through this reform member states will be motivated to make investments in many sectors among others on defense (European Parliament, 2024b). The ECR Group's representative MEP Johan Van Overtveldt stood in favor of the news rules mentioning that they provide flexibility in order to important investments, i.e. in defense, can carry on (European Parliament, 2024b). As far as the Greens Group's representative MEP Philippe Lamberts is concerned, he was more skeptical stating that the revised economic and fiscal governance framework of the European Union aims "to impose a straitjacket" (*camisole de force*) to member states through which the EU will safeguard its geopolitical future (European Parliament, 2024b).

Thus, after Council's decision on 29 April 2024 to adopt reform of fiscal rules, the debt-based excessive deficit procedure will take into account the operation of a new multi-annual framework. So, the Council and the Commission will make a balanced overall assessment of all the relevant factors that affect the assessment of compliance with the deficit and/or the debt criteria of the member state concerned among them where applicable the increase of government spending on defense (Council of the EU, 2024, p. 2).

Hence, EU's decision to reform its rules on economic and fiscal government framework derives directly from the war in Ukraine. Also, due to that war the EU has been prompted to strength its security and defense structures. However, it should be mentioned that the European solidarity which the EU shows to Ukraine contradicts with the Union's solidarity as expressed to Greece during its economic crisis (2010 - 2018). Besides EU's indifference to reform or at least adapt the aforementioned economic and fiscal framework as regards the Greek defense expenditures, the Council of the EU in 2010 issued a decision according to which Greece had to make reductions in the purchase of military equipment (deliveries) by at least 500 million EUR (Article 1 par. 8(t), Council Decision 2011/57/EU). In the same context, in 2011 the Council of the EU amended the aforementioned decision, issuing a new one regarding Greece according to which Athens was obliged to: a) make a reduction in the procurement of military material by 300 million EUR (cash and deliveries) in 2012 (Article 2 par.7a (c), Council Decision 2011/734/EU), b) make a reduction in the central government's operational expenditure of which at least 100 million EUR in military related operational expenditure (Article 2 par. 7a (e), Council Decision 2011/734/EU), c) cuts in operational defense related expenditure by at least 133 million EUR in 2013 and additional 133 million EUR in 2014 and 134 million EUR in 2015, on top of the reduction in military equipment procurement (deliveries) of 830 million EUR from 2010 to 2015 (Annex I, Council Decision 2011/734/EU, p. 29) and d) redact the number of admissions to military and policy academies (Annex I, Council Decision 2011/734/EU, p. 29).

Conclusions

The war in Ukraine acted as a catalyst both for NATO and the EU. As far as the Alliance is concerned, its member countries agreed to increase their defense expenditures as a means of support to Kyiv. Thus, NATO's support was accompanied with an update as regards Alliance's main obligations. More specifically, NATO's Heads of State and Government agreed to invest more than 2% of their GDP on defense as a mean to cover their past inadequacies. In this context, they also agreed to spend more than 20% of their defense budgets on major equipment.

The EU supporting NATO's new defense expenditure concept, changed its economic and fiscal governance framework asking from its member states also to increase their defense expenditure. Specifically, European Commission President required from EU leaders 500 billion EUR in defense investments over the next decade.

The already aforementioned 2022 Greek proposal for exemption of member states' defense expenditures from EU's deficit and debt rules calculation worked as a breeding ground for EU's recent decision to reform its fiscal rules. Hence, Greece contributing to EU's historic decision, will be able to continue the modernization of its defense equipment. In this way, Greece could replace the omissions prompted by the economic crisis and the MoUs on defense and play a strategic role for Alliance's security in the Mediterranean region and the Aegean Sea.

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